

ASX Limited
Company Announcements Office
Exchange Centre
Level 4
20 Bridge Street
Sydney NSW 2000

349 Forth Road
FORTH TAS 7310
Postal address
PO Box 1283
DEVONPORT TAS 7310
Australia
Telephone 61 (03) 64275 000
Facsimile 61 (03) 64275 001

15 April 2015

Notice of General Meeting and Shareholders Booklet

We attach a booklet comprising a Notice of Meeting, explanatory memorandum and an independent expert's report prepared by Pitcher Partners Corporate Finance (Pty Limited) (ACN 082 239 869) (**Booklet**).

The Booklet is issued by Webster Limited (ASX: WBA) (**Webster**) in relation to a General Meeting to be held at 10:00am on Monday, 25 May 2015, at the Australian Institute of Company Directors, NSW Business Centre, Level 1, 20 Bond Street, Sydney NSW 2000.

At the General Meeting Webster Shareholders will be asked to consider Webster's proposed acquisition of Bengarang Limited and resolutions associated with Webster's proposed off market takeover bid for Tandou Limited together with associated transactions.

If the transactions considered at the General Meeting are approved and implemented, they will transform Webster from a company currently capitalised at around \$200m into a substantial diversified agricultural and water company capitalised at over \$512 million¹, large enough for potential inclusion in the S&P/ASX 300 Index.

All Shareholders should carefully read the Booklet in full, and decide how to vote on the resolutions contained in the Notice of Meeting.

Further information:

Susan Stegmann
Company Secretary
Webster Limited
03 6427 5015

¹ Based on \$1.46 per Share representing the price at which Shares commenced trading on ASX on 30 March 2015.

Shareholder Booklet

Extraordinary General Meeting regarding Proposed Acquisitions

A Notice of Meeting is included with this Booklet. A proxy form for the Meeting accompanies this Booklet.

Pitcher Partners Corporate Finance (Pty Limited) (ACN 082 239 869) as independent expert has concluded that both the Bengierang Acquisition and the acquisition of Tandou Shares from each of the Cushing Entities and Peter Joy are **fair and reasonable** to Shareholders not associated with each of those transactions.

Your vote is important in determining whether the Proposed Acquisitions proceed. This is an important document and requires your urgent attention.

If you are in any doubt as to how to deal with this Booklet, please consult your legal, financial, taxation or other professional adviser immediately.

If you have recently sold all of your Shares, please disregard all enclosed documents.

Important Notices

General

You should read this Booklet in its entirety before making a decision on how to vote on the Resolutions to be considered at the Meeting. The notice convening the Meeting is contained in this Booklet. A proxy form for the Meeting is enclosed.

Defined terms

Capitalised terms in this Booklet are defined either in the Glossary in Section 10 of this Booklet or where the relevant term is first used.

References to **dollars** or **\$** are references to the lawful currency of Australia. Any discrepancies between the totals and the sum of all the individual components in the tables contained in this Booklet are due to rounding. All % figures have been rounded to 2 decimal places.

Purpose of this Booklet

The purpose of this Booklet is to:

- explain the terms and effect of the Proposed Acquisitions;
- explain the terms and effect of the Resolutions to Shareholders; and
- provide such information as is prescribed by the Corporations Act and the Listing Rules.

ASIC and ASX

A copy of this Booklet has been lodged with ASIC and with ASX. None of ASIC, ASX or any of their officers take any responsibility for the contents of this Booklet.

Responsibility for information in this Booklet

Webster is responsible for the contents of this Booklet, other than, to the maximum extent permitted by law, the information below for which other persons are stated to be responsible. None of the Bengerang Vendors, nor any of their related bodies corporate and their respective directors, officers, employees and advisers, assume any responsibility for the accuracy or completeness of the information prepared by Webster.

AFF is responsible for the information regarding AFF (including its intentions) in Section 5.9 of this Booklet, but does not assume responsibility for the accuracy or completeness of any other part of this Booklet. None of Webster, its related bodies corporate and their respective directors, officers, employees and advisers assumes any responsibility for the accuracy or completeness of the information regarding AFF.

The Bengerang Vendors are responsible for the information regarding Bengerang included in the Chairman's letter and Section 3 of this Booklet, but do not assume responsibility for the accuracy or completeness of any other part of this Booklet. None of Webster, its related bodies corporate and their respective directors, officers, employees and advisers assume any responsibility for the accuracy or completeness of the information regarding Bengerang and the Bengerang Vendors.

The Independent Expert has prepared the Independent Expert's Report which accompanies this Booklet and is responsible for that report. None of Webster, its

related bodies corporate and their respective directors, officers, employees and advisers assumes any responsibility for the accuracy or completeness of the information in the Independent Expert's Report except, in the case of Webster, in relation to information supplied by Webster to the Independent Expert.

Investment decisions

This Booklet does not take into account the investment objectives, financial situation, tax position and requirements of any particular person. This Booklet should not be relied on as the sole basis for any investment decision in relation to Shares. Independent financial and taxation advice should be sought before making any decision to invest in Webster or in relation to the Resolutions. It is important that you read the entire Explanatory Memorandum before making any voting or investment decision. In particular, it is important that Shareholders consider the possible disadvantages of the Resolutions and the risk factors identified in Section 6.

Shareholders should carefully consider these factors in light of their particular investment objectives, financial situation, tax position and requirements. If Shareholders are in any doubt on these matters, they should consult their legal, financial, taxation or other professional adviser before deciding how to vote on the Resolutions. Past performance is no indication of future performance.

Forward looking statements

This Booklet includes certain prospective financial information which has been based on current expectations about future events. The prospective financial information is, however, subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations described in such prospective financial information. Factors which may affect future financial performance include, among other things, those identified in Section 6. The assumptions on which prospective financial information is based may prove to be correct or may be affected by matters not currently known to, or considered material by Webster.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement, and deviations are both normal and to be expected. None of Webster, the officers of Webster or any person named in this Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. You are cautioned not to place undue reliance on those statements.

The forward looking statements in this Booklet reflect views held only as at the date of this Booklet.

Table of contents

| | |
|---|----|
| Important dates and times..... | 3 |
| Chairman's letter | 4 |
| Part A: Notice of Meeting | 1 |
| 1. Change in scale arising from Bengerang Acquisition | 1 |
| 2. Acquisition of Bengerang Shares from Bengerang Vendors | 1 |
| 3. Issue of Shares to AFF under Bengerang SPA | 2 |
| 4. Issue of Shares to Belfort under Bengerang SPA | 2 |
| 5. Issue of Shares to Verolot and New Investors under Bengerang SPA | 2 |
| 6. Acquisition by AFF Persons of a relevant interest in Shares..... | 2 |
| 7. Approval of AFF Management Agreement | 2 |
| 8. Acquisition of Tandou Shares from Cushing Entities..... | 2 |
| 9. Acquisition of Tandou Shares from Peter Joy | 3 |
| 10. Ratification of AFF Placement | 3 |
| Part B: Explanatory Memorandum..... | 7 |
| 1. Introduction | 7 |
| 2. Relevant considerations for Shareholders | 15 |
| 3. Information on Bengerang | 19 |
| 4. Information on Tandou | 25 |
| 5. The New Webster - Impact of the Proposed Acquisitions on Webster..... | 28 |
| 6. Risk factors | 37 |
| 7. Summary of documents relating to Proposed Acquisitions | 41 |
| 8. Regulatory information on the Resolutions | 51 |
| 9. Additional information..... | 59 |
| 10. Glossary | 61 |
| Part C: Independent Expert's Report | 63 |
| Important dates and times | |

| | |
|--|---|
| Date of this Booklet | Wednesday, 15 April 2015 |
| Last time and date by which the proxy form for the Meeting can be lodged | 10:00 am (Sydney time) on Saturday, 23 May 2015 |
| Time and date for determining eligibility to vote at the Meeting | 7:00 pm (Sydney time) on Saturday, 23 May 2015 |
| Trading halt in Shares commences | Commencement of trading on Monday, 25 May 2015 |
| Meeting* to vote on the Resolutions | 10:00 am (Sydney time) on Monday, 25 May 2015 |

* The Meeting will be held at the Australian Institute of Company Directors, NSW Business Centre, Level 1, 20 Bond Street, Sydney NSW 2000.

Chairman's letter

Dear Shareholder

It is my pleasure to invite you to attend and vote at a general meeting of Webster to consider a proposed acquisition of Bengering Limited and a proposed takeover bid for Tandou Limited and associated transactions. The Meeting will commence at 10:00 am (Sydney time) on Monday, 25 May 2015, at the Australian Institute of Company Directors, NSW Business Centre, Level 1, 20 Bond Street, Sydney NSW 2000.

The Meeting will consider resolutions to approve transactions that, if implemented, will transform Webster from a company currently capitalised at around \$200m into a substantial diversified agricultural and water company capitalised at over \$512 million¹, large enough for potential inclusion in the S&P/ASX 300 Index.

Bengering

Bengering is an Australian agribusiness which owns and operates agricultural land and water assets at Garah, Bourke and Kurrajong Hills in New South Wales and at Condamine in Queensland. It has entered into contracts to acquire further land and water assets at Garah and Bourke and intends to sell its property at Kurrajong Hills.

Webster has entered into an agreement to acquire all of the shares in Bengering in exchange for the issue of 107,670,120 Shares in Webster. Entities associated with Christopher Corrigan and David Robinson, both Directors of Webster, are two of the Bengering Vendors.

The agreement to acquire the Bengering Shares is subject to a number of conditions including Shareholder approval to the Bengering Acquisition.

During the Meeting, approval will be sought for the acquisition of the Bengering Shares from the related parties, the issue of the Shares to the Bengering Vendors as consideration and the change in scale of Webster that will occur as a result of the Bengering Acquisition.

AFF, an entity associated with David Robinson, presently provides management services to both Webster in respect of the Kooba assets acquired in December 2014 and to Bengering. On completion of the Bengering acquisition, AFF and Webster will enter into a new management agreement to replace the two existing agreements with Webster and Bengering. Shareholder approval for the entry into this new management agreement will also be sought at the Meeting. Approval and execution of this agreement is a condition precedent to the Bengering Acquisition.

Tandou

Tandou is an Australian agribusiness that is listed on ASX. It is focused on investing in and managing water and land assets in the connected Murray-Darling Basin. Tandou is growing its significant and diverse investment in water entitlements in the region using its scale and intellectual property as a competitive advantage. Tandou is a large scale cotton orientated irrigator producing some rotational crops to optimise returns from its land assets.

¹ Based on \$1.46 per Share representing the price at which Shares commenced trading on ASX on 30 March 2015.

Webster has entered into a merger implementation agreement under which it agrees to make an off-market takeover bid for Tandou Shares and Tandou has agreed to support the bid, in the absence of a superior proposal and subject to Tandou's independent expert concluding that the Tandou Offer is reasonable to non-associated Tandou shareholders.. Under the Tandou Offer, Webster will offer 1 Share for every 2.25 Tandou Shares. Peter Joy, a substantial Shareholder with more than 10% of Webster, and entities associated with David Cushing, a Director of Webster, hold significant parcels of Tandou Shares.

The Tandou Offer will be subject to a number of conditions, including Shareholder approval to the acquisition of Tandou Shares from Peter Joy and the Cushing Entities.

During the Meeting, approval will be sought for the acquisition of the Tandou Shares from these persons for the purposes of ASX Listing Rule 10.1.

Rationale for Proposed Acquisitions

Both acquisitions complement the existing strategy of Webster and the recently completed Kooba Aggregation purchase, consolidating Webster's position as one of Australia's larger cotton and irrigated cropping companies.

The new properties will give Webster capacity for substantial growth in annual row cropping into the future. The properties further support the continued, measured growth path for walnut orchard expansion. With such land holdings under its management, other high value horticulture crops may be considered by Webster.

As part of the Bengerang Acquisition Webster will also obtain the benefit of a further agreement with AFF to assist in the management of the annual row cropping operations acquired. The AFF relationship is led by Joe Robinson, who now forms an integral part of Webster's leadership team.

In contemplating its strategy and future direction Webster has considered the role of and its future requirements of water. The sourcing and efficient management of water is a key ingredient for future success. Webster already has substantial water assets and this asset base grows with these intended transactions. The combination of Webster, Bengerang and Tandou solidifies the experience and knowledge bank in this area and positions Webster to manage its water requirements and land portfolio to maximise opportunities.

On completion of the Proposed Acquisitions, Webster will have a significantly larger market capitalisation, lower gearing and greater liquidity. It is anticipated that operational economies will occur as a result of the enlarged scale of activities.

Webster will continue its growth in walnuts and this year and next year will complete the development of its new 900 hectare Avondale West orchard near Griffith.

Access to water and the efficient use and application of water are key elements in the Webster strategy. The acquisition of cropping operations in the Riverina (the location of Webster's major walnut orchards) is highly complementary to the exiting tree crop operations. The transactions bring a mix of general and higher security water entitlements. As it develops its properties, the company has the important flexibility to stream higher security water to its orchard estates and grow its cotton and annual cropping with the balance of seasonally available water allocations.

Not all irrigated agricultural operations adopt the strategy of owning and controlling water entitlements, preferring to source water on annual temporary markets. However, ownership, access to and/or the management of water entitlements are key planks in the Webster strategy.

Independent Expert Report

Pitcher Partners Corporate Finance Pty Limited was retained to provide a report in relation to the Bengerang Acquisition and the acquisition of Tandou Shares from the Cushing Entities and Peter Joy. The expert concluded that each of those transactions is fair and reasonable to Shareholders not associated with those acquisitions. A complete copy of the expert's report is included in Part C of this Booklet.

Recommendation of Directors

The Directors (other than David Robinson and Chris Corrigan) unanimously recommend that Shareholders vote in favour of the Bengerang Resolutions. As David Robinson and Chris Corrigan are associated with the Bengerang Vendors, they do not consider it appropriate to make a recommendation in relation to these Resolutions.

The Directors (other than David Cushing) unanimously recommend that Shareholders vote in favour of the Tandou Resolutions. David Cushing is associated with the Cushing Entities whose Tandou Shares will be acquired by Webster under the Tandou Offer and so does not consider it appropriate to make a recommendation on these Resolutions.

The Directors (other than David Robinson) unanimously recommend that Shareholders vote in favour of the Resolution to ratify the AFF Placement undertaken on 17 December 2014. David Robinson is associated with AFF and so does not consider it appropriate to make a recommendation on this Resolution.

Risks

If the Proposed Acquisitions proceed, no guarantee can be given in respect of the future earnings of Webster or the earnings and capital appreciation of Webster. Shareholders should consider the risks detailed in Section 6 carefully when assessing the Resolutions.

This Booklet

This Booklet comprises a Notice of Meeting, a detailed Explanatory Memorandum, an Independent Expert's Report and a personalised Proxy Form.

What you need to do

All Shareholders should carefully read the Booklet in full, and decide how to vote on the Resolutions contained in the Notice of Meeting.

Your vote is important. If you would like to vote, you may either attend the Meeting in person or alternatively appoint a proxy to vote for you at the Meeting by using the attached Proxy Form. If you intend to appoint a proxy, please complete the Proxy Form and return it to us in accordance with the directions on the reverse side of the form by 10:00 am (Sydney time) on Saturday, 23 May 2015.

Attendance

If you wish to attend the General Meeting please bring your Proxy Form with you to assist us to process your registration efficiently.

Your Directors look forward to welcoming you to the General Meeting.

Yours sincerely

A handwritten signature in black ink, appearing to be 'R. Roberts', with a long, wavy horizontal line extending to the right.

Mr Roderick Roberts
Chairman
Webster Limited

Part A: Notice of Meeting

Webster Limited
(ACN 009 476 000)

Notice of Meeting for the Meeting of Shareholders

To be held at 10:00 am (Sydney time) on Monday, 25 May 2015 at the Australian Institute of Company Directors, NSW Business Centre, Level 1, 20 Bond Street, Sydney NSW 2000

IMPORTANT INFORMATION

This is an important document that should be read in its entirety.

This Notice of Meeting is accompanied by an Explanatory Memorandum. The Explanatory Memorandum and its annexures have been prepared to assist Shareholders in determining whether or not to vote in favour of the Resolutions set out in this Notice of Meeting.

The Explanatory Memorandum and its annexures should be read in conjunction with this Notice of Meeting.

You are encouraged to attend the Meeting, but if you cannot, you are requested to complete and return the enclosed proxy form without delay to the Registry as follows:

➤ by post to:

Webster Limited
PO Box 1283 Devonport
Tasmania 7310

➤ or by facsimile to:

+61 3 6427 5001

Items of business

The business of the Meeting is to consider the following proposed resolutions.

1. Change in scale arising from Bengerang Acquisition

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, subject to Resolutions 2, 3, 4, 5, 6 and 7 being passed, for the purposes of ASX Listing Rule 11.1.2 and for all other purposes, the change in the nature and scale of activities of Webster arising from the Bengerang Acquisition as described in the Explanatory Memorandum is approved."

2. Acquisition of Bengerang Shares from Bengerang Vendors

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to Resolutions 1, 3, 4, 5, 6 and 7 being passed, for the purposes of ASX Listing Rule 10.1 and for all other purposes, the acquisition of Bengerang Shares from the Bengerang Vendors as described in the Explanatory Memorandum is approved.”

3. Issue of Shares to AFF under Bengerang SPA

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to Resolutions 1, 2, 4, 5, 6 and 7 being passed, for the purposes of ASX Listing Rules 10.11 and section 208(1)(a) of the Corporations Act 2001 (Cth) and for all other purposes, the issue of 36,548,806 Shares to AFF or as it may direct on the terms described in the Explanatory Memorandum is approved.”

4. Issue of Shares to Belfort under Bengerang SPA

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to Resolutions 1, 2, 3, 5, 6 and 7 being passed, for the purposes of ASX Listing Rules 10.11 and section 208(1)(a) of the Corporations Act 2001 (Cth) and for all other purposes, the issue of 17,916,081 Shares to Belfort or as it may direct on the terms described in the Explanatory Memorandum is approved.”

5. Issue of Shares to Verolot and New Investors under Bengerang SPA

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to Resolutions 1, 2, 3, 4, 6 and 7 being passed, for the purposes of ASX Listing Rules 7.1 and for all other purposes, the issue of Shares to the parties specified below or as they may direct:

- (a) Verolot – 18,916,081 Shares;
- (b) Eagle Securities Limited – 3,854,369 Shares;
- (c) Kaplan Equity Limited – 30,434,783 Shares, and

on the terms described in the Explanatory Memorandum is approved.”

6. Acquisition by AFF Persons of a relevant interest in Shares

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to Resolutions 1, 2, 3, 4, 5 and 7 being passed, for the purposes of section 611 item 7 of the Corporations Act 2001 (Cth) and for all other purposes, the acquisition of a relevant interest by each AFF Person (as defined in the Explanatory Memorandum) in 36,548,806 Shares as described in the Explanatory Memorandum, is approved.”

7. Approval of AFF Management Agreement

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to Resolutions 1, 2, 3, 4, 5 and 6 being passed, for the purposes of section 208(1)(a) of the Corporations Act and for all other purposes, the execution of the AFF Management Agreement on the terms described in the Explanatory Memorandum and the provision of a final benefit to related parties of Webster is approved.”

8. Acquisition of Tandou Shares from Cushing Entities

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to Resolution 9 being passed, for the purposes of ASX Listing Rule 10.1 and for all other purposes, the acquisition of Tandou Shares from the Cushing Entities as described in the Explanatory Memorandum is approved.”

9. Acquisition of Tandou Shares from Peter Joy

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to Resolution 8 being passed, for the purposes of ASX Listing Rule 10.1 and for all other purposes, the acquisition of Tandou Shares from Peter Joy as described in the Explanatory Memorandum is approved.”

10. Ratification of AFF Placement

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the issue of 17,475,728 Shares to AFF and its associates at \$1.03 per Share completed on 17 December 2014 and otherwise as described in the Explanatory Memorandum is ratified and approved.”

Important notes

Voting exclusion statements

Webster will disregard any votes cast on:

- Resolution 1 by persons who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares if Resolution 1 is passed, being the Bengerang Vendors and the New Investors and an associate of those persons;
- Resolution 2 by the Bengerang Vendors and the New Investors and an associate of those persons;
- Resolution 3 by AFF and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares if Resolution 3 is passed and an associate of those persons;
- Resolution 4 by Belfort and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares if Resolution 4 is passed and an associate of those persons;
- Resolution 5 by Verolot and the New Investors and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares if Resolution 5 is passed and an associate of those persons;
- Resolution 6 by any AFF Person and any of their respective associates where the vote is cast in favour of Resolution 6;
- Resolution 7 by AFF and any of its associates;
- Resolution 8 by the Cushing Entities and any associate of those persons;
- Resolution 9 by Peter Joy and any of his associates; and
- Resolution 10 by AFF and any of its associates.

However, Webster will not disregard a vote on any Resolution (other than Resolution 6) if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

The Chairman will vote all undirected proxies in favour of these Resolutions. If you wish to vote “against” or “abstain” you should mark the relevant boxes in the attached proxy form.

Explanatory Memorandum

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.

Interconditionality

The Bengerang Resolutions are interdependent, which means that if any one of the Bengerang Resolutions is not passed by Shareholders, the Bengerang Acquisition will not proceed.

The Tandou Resolutions are also interdependent, which means that if any one of the Tandou Resolutions is not passed by Shareholders, the Tandou Acquisition will not proceed.

However the Bengerang Resolutions and the Tandou Resolutions are **not** interdependent with each other. The Tandou Acquisition may proceed if any Bengerang Resolution is not passed by Shareholders and the Bengerang Acquisition may proceed if any Tandou Resolution is not passed by Shareholders.

The Ratification Resolution is not interdependent with any other Resolution. Approval of this Ratification will ratify the AFF Placement irrespective of whether any of the other Resolutions are passed.

Entitlement to vote

The Directors have decided that for the purpose of determining entitlements to attend and vote at the Meeting, Shares will be taken to be held by the persons who are the registered holders at 7:00 pm (Sydney time) on Saturday, 23 May 2015. Accordingly, Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

How to vote

Shareholders entitled to vote at the Meeting may vote:

- by attending the Meeting and voting in person;
- by appointing an attorney to attend the Meeting and vote on their behalf or, in the case of corporate shareholders or proxies, a corporate representative to attend the Meeting and vote on its behalf; or
- by appointing a proxy to attend and vote on their behalf, using the proxy form accompanying this Notice. A proxy may be an individual or a body corporate.

Voting in person (or by attorney)

Shareholders or their proxies, attorneys or representatives (including representatives of corporate proxies) wishing to vote in person should attend the Meeting and bring a form of personal identification (such as their driver's licence).

To vote by attorney at this Meeting, the original or a certified copy of the power of attorney or other authority (if any) under which the instrument is signed must be received by Webster before 10:00 am (Sydney time) on Saturday, 23 May 2015 in any of the following ways:

- by post to:

Webster Limited
PO Box 1283 Devonport
Tasmania 7310
- or by facsimile to:

+61 3 6427 5001

To vote in person, you or your proxy, attorney, representative or corporate proxy representative must attend the Meeting to be held at the Australian Institute of Company Directors, NSW Business Centre, Level 1, 20 Bond Street, Sydney NSW 2000 on Monday, 25 May 2015 commencing at 10:00 am (Sydney time).

A vote cast in accordance with the appointment of a proxy or power of attorney is valid even if before the vote was cast the appointor:

- died;
- became mentally incapacitated;
- revoked the proxy or power; or
- transferred the Shares in respect of which the vote was cast,

unless Webster received written notification of the death, mental incapacity, revocation or transfer before the Meeting or adjourned meeting.

Voting by proxy

Shareholders wishing to vote by proxy at this Meeting must:

- complete and sign or validly authenticate the proxy form, which is enclosed with this Booklet; and
- deliver the signed and completed proxy form to Webster by 10:00 am (Sydney time) on Saturday, 23 May 2015 in accordance with the instructions below.
- A person appointed as a proxy may be an individual or a body corporate.

Submitting proxy votes

Shareholders wishing to submit proxy votes for the Meeting must return the enclosed proxy form to the Registry in any of the following ways:

- by post to:
 Webster Limited
 PO Box 1283 Devonport
 Tasmania 7310
- or by facsimile to:
 +61 3 6427 5001

Notes for proxies

1. A Shareholder entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote at the Meeting on that Shareholder's behalf.
2. A proxy need not be a Shareholder.
3. A proxy may be an individual or a body corporate. A proxy that is a body corporate may appoint a representative to exercise the powers that the body corporate may exercise as the Shareholder's proxy.
4. If a Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half the votes.

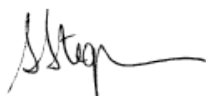
5. A proxy may vote or abstain as he or she chooses except where the appointment of the proxy directs the way the proxy is to vote on a particular Resolution. If an appointment directs the way the proxy is to vote on a particular Resolution:
 - if the proxy is the chair - the proxy must vote on a poll and must vote in the way directed; and
 - if the proxy is not the chair - the proxy need not vote on a poll, but if the proxy does so, the proxy must vote in the way directed.
6. If a proxy appointment is signed or validly authenticated by the Shareholder but does not name the proxy or proxies in whose favour it is given, the Chairman may either act as proxy or complete the proxy appointment by inserting the name or names of one of more Directors or Webster Secretary.
7. If:
 - a Shareholder nominates the Chairman of the Meeting as the Shareholder's proxy; or
 - the Chairman is to act as proxy if a proxy appointment is signed by a Shareholder but does not name the proxies in whose favour it is given or otherwise under a default appointment according to the terms of the proxy form,

then the person acting as Chairman in respect of an item of business at the Meeting must act as proxy under the appointment in respect of that item of business.
8. Proxy appointments in favour of the Chairman of the Meeting, Webster Secretary or any Director which do not contain a direction will be voted in support of all Resolutions.

Corporate representatives

1. To vote in person at the Meeting, a Shareholder or proxy which is a body corporate may appoint an individual to act as its representative.
2. To vote by corporate representative at the Meeting, a corporate Shareholder or proxy should obtain an Appointment of Corporate Representative Form from the Registry, complete and sign the form in accordance with the instructions on it. The appointment should be lodged at the registration desk on the day of the Meeting.
3. The appointment of a representative may set out restrictions on the representative's powers.
4. The original form of appointment of a representative, a certified copy of the appointment, or a certificate of the body corporate evidencing the appointment of a representative is prima facie evidence of a representative having been appointed.
5. The Chairman of the Meeting may permit a person claiming to be a representative to exercise the body's powers even if he or she has not produced a certificate or other satisfactory evidence of his or her appointment.

By order of the Board



Susan Stegmann
Chief Financial Officer and Company Secretary
 15 April 2015

Part B: Explanatory Memorandum

This Explanatory Memorandum contains information relating to the Proposed Acquisitions. Shareholder approval is required in order for Webster to proceed with these transactions and a Meeting has been called so Shareholders can vote on the proposed transactions.

1. Introduction

1.1. Overview

On 27 February 2015, Webster announced that it had entered into:

- an agreement to acquire all of the Bengorang Shares from the Bengorang Vendors in consideration for the issue of 107,670,120 Shares at an issue price of \$1.15 per Share to the Bengorang Vendors (the Bengorang Acquisition); and
- a merger implementation agreement with Tandou, under which Webster agreed to make a takeover bid for the Tandou Shares and Tandou agreed to recommend that its shareholders accept the bid, subject to there being no superior proposal and an independent expert concluding that the takeover bid is reasonable to non-associated Tandou shareholders.

The agreement to acquire Bengorang attributes an equity value of \$124 million to Bengorang. Bengorang holds or has contracts to purchase over 25,000 hectares of land as well as just under 58,000 ML of water entitlements.

The Tandou Offer implies an equity value of over \$114 million to Tandou or approximately \$0.58 per share (based on the closing price of Webster shares on 26 February 2015, being the day immediately preceding the date of announcement of the Tandou Offer), representing a premium of 22% to the closing price of Tandou shares on ASX on that date. Tandou owns over 141,000 hectares of land and around 84,000 ML of water entitlements.

Further details regarding Bengorang are set out in Section 3 and further details regarding Tandou are set out in Section 4.

Shareholders are now being asked to consider and vote on whether the Proposed Acquisitions should be implemented. This Booklet contains the details of the Resolutions and information to enable Shareholders to assess the Proposed Acquisitions.

1.2. Shareholder approvals

The Proposed Acquisitions will only proceed if the relevant Resolutions to be considered at the Meeting are approved by Shareholders. These are described more fully in Section 8. In summary, Shareholder approval is required:

- under Listing Rules 7.1, 10.1, 10.11 and 11.1.2 and sections 208(1)(a) and 611 item 7 of the Corporations Act to approve the Bengorang Acquisition and the AFF Management Agreement; and
- under Listing Rule 10.1 to approve the Tandou Acquisition.

While not required for the Proposed Acquisitions, Shareholder approval is also being sought at the Meeting to ratify the AFF Placement.

The Resolutions require approval by a simple majority of votes cast by Shareholders at the Meeting.

The Resolutions are subject to voting exclusions. These voting exclusions are summarised in Section 9.2 of this Booklet.

1.3. Acquisitions not interdependent

The Bengerang Resolutions are interdependent, which means that if any one of the Bengerang Resolutions is not passed by Shareholders, the Bengerang Acquisition will not proceed.

The Tandou Resolutions are also interdependent, which means that if any one of the Tandou Resolutions is not passed by Shareholders, the Tandou Acquisition will not proceed.

However the Bengerang Resolutions and the Tandou Resolutions are **not** interdependent with each other. The Tandou Acquisition may proceed if any Bengerang Resolution is not passed by Shareholders and the Bengerang Acquisition may proceed if any Tandou Resolution is not passed by Shareholders.

The Ratification Resolution is not interdependent with any other Resolution. Approval of this Ratification will ratify the AFF Placement irrespective of whether any of the other Resolutions are passed.

1.4. Director recommendations

(a) *Bengerang Acquisition*

The Directors, other than Christopher Corrigan and David Robinson, consider that the Bengerang Acquisition is in the best interests of Shareholders and recommend that Non-Associated Shareholders vote in favour of all of the Bengerang Resolutions because:

- The Webster strategy is to own or control its significant water requirements and to stream these to uses of greatest return – also referred to as highest and best use. The Bengerang Acquisition brings with it significant water entitlements. These will be applied in the main to cotton production, the highest return currently among irrigated annual crops. Webster already applies this same strategy to its existing tree crop operations. Walnut production is a highest and best use for water on perennial crops.
- Webster Directors have determined that it is to the long term advantage of Shareholders if the company owns or controls its key assets. Apart from water entitlements the Directors consider that the Bengerang properties are among the very best available for annual cropping and in particular, cotton, positioning the company for potentially long term and high sustainable returns.
- Bengerang is managed by AFF. Over three decades the principals of AFF have shown themselves to be among the best row crop and particularly cotton, managers in Australia. As part of the Bengerang Acquisition Webster has secured management services of AFF and particularly its general manager, Mr Joe Robinson, for all of its properties. Apart from Bengerang, this includes for the Kooba aggregation of properties acquired by Webster in December 2014 for \$120 million and, potentially if its bid succeeds, for the Tandou portfolio of properties.
- The Bengerang Acquisition complements the existing strategy of Webster and neatly fits with the recently completed Kooba Aggregation purchase and the proposed Tandou Acquisition, consolidating Webster's position as one of Australia's larger cotton and irrigated cropping companies, providing additional high quality properties with some geographic diversification and appropriate water resources.
- The new properties will give Webster capacity for substantial growth in annual row cropping into the future. The properties further support the continued, measured growth path for walnut orchard expansion. With such land holdings under its management, other high value horticulture crops may be considered by Webster.
- Following the completion of the Bengerang Acquisition, Webster will have a significantly larger market capitalisation, lower gearing and greater liquidity. Operational gains are planned with the enlarged scale of economies that materialise.

- The Independent Expert has concluded that the Bengerang Acquisition is fair and reasonable to Shareholders other than the Bengerang Vendors and their associates.

Christopher Corrigan is associated with Belfort, one of the Bengerang Vendors. David Robinson is the majority shareholder of AFF, another of the Bengerang Vendors. Accordingly neither Mr Corrigan nor Mr David Robinson considers himself independent for the purposes of considering the Bengerang Acquisition and so does not consider it appropriate to make a recommendation in relation to the Bengerang Resolutions.

(b) *Tandou Acquisition*

The Directors, other than David Cushing, consider that the Tandou Acquisition is in the best interests of Shareholders and recommend that Shareholders vote in favour of the Tandou Resolutions because:

- The Webster strategy is to own or control its significant water requirements and to stream these to uses of greatest return – also referred to as highest and best use. The Tandou Acquisition brings with it significant water entitlements. These will be applied in the main to cotton production, the highest return currently among irrigated annual crops. Webster already applies this same strategy to its existing tree crop operations. Walnut production is a highest and best use for water on perennial crops.
- The Tandou Acquisition complements the existing strategy of Webster and neatly fits with the recently completed Kooba Aggregation purchase and the proposed Bengerang Acquisition, consolidating Webster's position as one of Australia's larger cotton and irrigated cropping companies, providing additional high quality properties with some geographic diversification and appropriate water resources.
- It provides Webster with access to substantial water assets. The transactions bring a mix of general and higher security water entitlements. As it develops its properties, the company has the important flexibility to stream higher security water to its orchard estates and grow its cotton and annual cropping with a mix of lower security water entitlements.
- Following the completion of the Tandou Acquisition, Webster will have a significantly larger market capitalisation, lower gearing and greater liquidity. Operational gains are planned with the enlarged scale of economies that materialise.
- The Independent Expert has concluded that:
 - the acquisition of Tandou Shares from the Cushing Entities as part of the Tandou Acquisition is fair and reasonable to Shareholders other than the Cushing Entities and their associates; and
 - the acquisition of Tandou Shares from Peter Joy as part of the Tandou Acquisition is fair and reasonable to Shareholders other than Peter Joy and his associates.

Entities associated with David Cushing hold Tandou Shares which may be acquired under the Tandou Acquisition. Accordingly Mr Cushing does not consider himself to be independent for the purposes of considering the Tandou Acquisition and so he does not consider it appropriate to make a recommendation in relation to the Tandou Resolutions.

(c) *Ratification of AFF Placement*

The Directors, other than David Robinson, consider that the ratification of the AFF Placement is in the best interests of Shareholders and recommend that Shareholders vote in favour of the Ratification Resolution because:

- It will provide Webster with additional flexibility in considering any necessary further fundraising and will enable Webster to raise further funds at any time during the next 12 months by issuing up to the full 15% of its issued share capital.

- It will avoid Webster incurring additional costs by convening a meeting of Shareholders to approve an issue of equity securities that would otherwise be able to be made as a result of this additional flexibility.

David Robinson is the majority shareholder of AFF. Accordingly Mr Robinson does not consider himself to be independent for the purposes of considering the ratification of the AFF Placement and so he does not consider it appropriate to make a recommendation in relation to the Ratification Resolution.

1.5. Independent Expert Report

To assist Shareholders in their consideration of the Proposed Acquisitions, the Board commissioned Pitcher Partners Corporate Finance Pty Ltd to prepare an independent expert's report containing a valuation of the Shares, a discussion of the advantages and disadvantages of the Proposed Acquisitions and an opinion on whether the Bengerang Acquisition and the acquisition of Tandou Shares from each of the Cushing Entities and Peter Joy is fair and reasonable to Shareholders not associated with each of those transactions.

The Independent Expert has concluded that:

- the Bengerang Acquisition is fair and reasonable to Shareholders other than the Bengerang Vendors and their associates;
- the acquisition of Tandou Shares from the Cushing Entities as part of the Tandou Acquisition is fair and reasonable to Shareholders other than the Cushing Entities and their associates; and
- the acquisition of Tandou Shares from Peter Joy as part of the Tandou Acquisition is fair and reasonable to Shareholders other than Peter Joy and his associates.

A copy of the report accompanies this Booklet and should be read carefully by Shareholders. Webster will provide a hard copy of the report at no cost to the holder on request. Please contact Susan Stegmann on 03 6427 5000 to request a copy. A copy of this report can also be accessed on Webster's website at www.websterltd.com.au.

1.6. Key conditions to Bengerang Acquisition

The Bengerang Acquisition is subject to a number of conditions precedent. The key conditions that must be satisfied or waived for the Bengerang Acquisition to proceed are as follows:

- Shareholders approve the Bengerang Resolutions.
- Either the Foreign Investment Review Board approves the Bengerang Acquisition or the Bengerang Acquisition can proceed without such approval.
- There are no legal restraints preventing completion of the Bengerang Acquisition.
- Bengerang completes an agreed recapitalisation.
- Bengerang's financier approves the Bengerang Acquisition.
- Bengerang's key contracts relating to acquisitions of land and water entitlements relating to Darling Farms and Medgun are either completed or remain in full force and Webster is satisfied that such acquisitions will proceed.
- The Bengerang Sellers, Bengerang and Webster agree and enter into an agreement under which Bengerang agrees that it will only exercise its rights to acquire the Medgun property and water rights as directed by Webster and the Bengerang Vendors agree to assume the obligations of Bengerang to pay the consideration for such assets.
- There is no material adverse change to either Bengerang or Webster or their financial or trading positions or prospects.

- The existing management agreement between Bengarang and AFF is terminated and replaced with the AFF Management Agreement.
- Either the Foreign Investment Review Board approves, or issues a notice of no objection to, the acquisition by Bengarang of the land and water rights relating to Darling Farms and Medgun or such acquisitions can proceed without such approval.
- The Directors not associated with the Bengarang Vendors do not change their recommendations relating to the Bengarang Resolutions set out in Section 2.3.
- No prescribed occurrence happens in relation to Webster.

The above list is a summary only. See Section 7.1(b) for further details.

1.7. Key conditions of Tandou Acquisition

The Tandou Offer will be subject to a number of conditions. The key conditions that must be satisfied or waived for the Tandou Acquisition to proceed are as follows:

- Shareholders approve the Tandou Resolutions.
- The number of Tandou Shares in which Webster and its associates have a relevant interest at the expiry of the Offer Period is not less than 50.1% of the Tandou Shares then on issue.
- The Foreign Investment Review Board approves the Tandou Acquisition or the Treasurer of the Federal Government becomes precluded from making an order in respect of it.
- Tandou does not materially breach its obligations under the merger implementation agreement.
- Except for any proposed transaction publicly announced by Tandou before 27 February 2015 or otherwise agreed with Webster, Tandou does not:
 - offer to acquire, agree to acquire or acquire one or more companies, business or assets (or interests in them) for an amount in aggregate greater than \$1,000,000 or make an announcement in relation to such an acquisition, offer or agreement outside the ordinary course of business;
 - complete, enters into, offer to enter into or agree to enter into any agreement, joint venture, partnership or commitment which would require expenditure, or the foregoing of revenue by Tandou of an amount which:
 - is, in aggregate, more than \$1,000,000, other than in the ordinary course of business or makes an announcement in relation to such an entry, offer or agreement; or
 - results in the book value of all water rights held by Tandou falling below \$57.3 million.
- No person that has a right as a result of any change in control in respect of Tandou to terminate or alter any material contract relating to Tandou or require the sale of any securities in Tandou exercises that right or notifies Tandou that it intends to exercise that right.
- No material adverse change occurs in respect of Tandou.
- No material litigation or arbitration proceedings have been or are instituted or threatened against Tandou.
- There is no regulatory intervention that would prohibit, prevent or inhibit the acquisition of, or trading in, Tandou Shares, impose conditions on the Tandou Offer or require the divestiture by Webster of securities or assets of Tandou.
- No prescribed occurrences occur in relation to Tandou.

The above list is a summary of the key conditions only. The conditions are set out in full in Section 7.3(c) of this Explanatory Memorandum.

1.8. Implementation and timetable

The timetable for the Meeting and, if approved, the Proposed Acquisitions is as follows:

| Date | Event |
|--|---|
| Friday, 27 February 2015 | Proposed Acquisitions announced |
| Wednesday, 15 April 2015 | Booklet for Proposed Acquisitions announced |
| Monday, 13 April 2015 | Bidder's statement for Tandou Offer served on Tandou Target's statement for Tandou Offer served on Webster |
| Monday, 20 April 2015 | Booklet for Proposed Acquisitions mailed to Shareholders |
| Monday, 20 April 2015 | Bidder's statement and target's statement despatched Offer under Tandou Offer opens |
| 10:00 am (Sydney time) on Saturday, 23 May 2015 | Last time and date by which the proxy form for the Meeting can be lodged |
| 7:00 pm (Sydney time) on Saturday, 23 May 2015 | Time and date for determining eligibility to vote at the Meeting |
| Monday, 25 May 2015 | Trading halt commences Meeting held Results of Meeting announced on ASX Trading halt ends |
| Monday, 29 May 2015 | Offer conditions notice for Tandou Offer given |
| Monday, 1 June 2015 | Bengerang Acquisition completed |
| Friday, 12 June 2015 | Tandou Offer closes |
| Friday, 3 July 2015 | Last date for Webster to issue shares to accepting Tandou shareholders. |

Note: These dates are indicative only and may be changed as permitted by the Corporations Act and the Listing Rules.

1.9. What to do next

(a) *Read the remainder of this Booklet*

You should read and consider the remainder of this Booklet in full before making any decision on the Resolutions.

(b) *Consider your options*

Shareholders should refer to Section 2 of this Booklet for further guidance on the expected advantages and possible disadvantages of the Proposed Acquisitions. However, this Booklet does not take into account the financial situation, investments objectives and particular needs of any particular Shareholder.

(c) *Vote at the Meeting*

The Board urges all Shareholders to vote at the Meeting. The Resolutions affect your investment in Webster and your vote at the Meeting is important in determining whether the Proposed Acquisitions proceeds.

1.10. Summary of how to vote

(a) *General*

The Meeting will be held at the Australian Institute of Company Directors, NSW Business Centre, Level 1, 20 Bond Street, Sydney NSW 2000, on Monday, 25 May 2015, commencing at 10:00 am (Sydney time).

The notice convening the Meeting is contained in this Booklet. Your vote at the Meeting is important. If you are registered as a Shareholder by the Registry at the voting entitlement time (7:00 pm (Sydney time), Saturday, 23 May 2015), you will be entitled to vote at the Meeting, subject to the voting restrictions and exclusions set out in the Notice of Meeting in this Booklet. These voting restrictions and exclusions are summarised in Section 9.2 of this Booklet.

(b) *Voting in person*

Shareholders wishing to vote in person should attend the Meeting on Monday, 25 May 2015 and bring a suitable form of personal identification (such as a driver's licence).

Please arrive at the venue at least 15 minutes prior to the time designated for the commencement of the Meeting (10:00 am Sydney time), if possible, so that your share may be checked against the Shareholders Register and attendance noted. Attorneys (see also paragraph (d) below) should bring with them the original or a certified copy of the power of attorney under which they have been authorised to attend and vote at the Meeting.

(c) *Voting by proxy*

Shareholders wishing to vote by proxy at the Meeting must complete and sign or validly authenticate the personalised proxy form which is enclosed with this Booklet.

A person appointed as a proxy may be an individual or a body corporate. Completed proxy forms must be delivered to the Registry by 10:00 am (Sydney time), Saturday, 23 May 2015, in any of the following ways:

➤ by post to:

Webster Limited
PO Box 1283 Devonport
Tasmania 7310

➤ or by facsimile to:

+61 3 6427 5001

(d) *Voting by attorney*

If a Shareholder executes or proposes to execute any document, or do any act, by or through an attorney which is relevant to their shareholding in Webster, that Shareholder must deliver the instrument appointing the attorney to the Registry for notation.

Shareholders wishing to vote by attorney at the Meeting must, if they have not already presented an appropriate power of attorney to the Registry for notation, deliver to the Registry (at the address specified in Section (c) above) the original instrument appointing the attorney or a certified copy of it by 10:00 am (Sydney time) on Saturday, 23 May 2015.

(e) *Voting by corporate representative*

To vote in person at the Meeting, a Shareholder or proxy which is a body corporate may appoint an individual to act as its representative.

To vote by corporate representative at the Meeting, a corporate Shareholder or proxy should obtain a Certificate of Appointment of Corporate Representative form from the Registry, and complete and sign

the form in accordance with the instructions on it. The appointment form should be lodged at the registration desk on the day of the Meeting.

(f) *Further information*

Please refer to the Notice of Meeting in this Booklet for further information on voting procedures and details of the Resolutions to be voted on at the Meeting.

2. Relevant considerations for Shareholders

2.1. Introduction

The purpose of this Section 2 is to identify significant issues for Shareholders to consider in relation to the Proposed Acquisitions and the ratification of the AFF Placement.

Before deciding how to vote at the Meeting, Shareholders should carefully consider the factors discussed below, as well as the other information contained in this Booklet.

2.2. Rationale for the Acquisitions

The Directors consider that the three key ingredients in the success of an agribusiness are:

- holding or having access to sufficient and appropriate water security;
- quality of land in terms of location, soil and topography; and
- motivated, competent and efficient management.

The Directors consider that each of the Acquisitions enables Webster to build on its existing assets and strengthen its position in respect of each of these criteria. The Directors believe that implementation of either transaction provides significant benefits for Shareholders.

The Bengerang Acquisition enables Webster to expand its high quality land assets beyond those assets acquired with the Kooba transaction of December 2014. Bengerang also brings with it significant water entitlements. Finally, Bengerang enables Webster to achieve geographical and climatic diversification together with some cost savings and a more streamlined management structure through the new AFF Management Agreement.

The Tandou Acquisition brings with it significant high-security water entitlements as well as expertise in the trading of water entitlements in the growing water market. Tandou's water entitlement portfolio significantly increases Webster's water security, provides greater opportunities for Webster to expand both existing walnut, cotton and other annual cropping production and also take advantage of opportunities to further diversify horticultural crops. The Directors consider the Tandou land holdings present further opportunities for expansion and diversification of agricultural production. Finally, the board of Webster will also receive the benefit of the expertise and experience of an existing Tandou non-executive director.

For the reasons outlined below, the Directors consider it in the best interests of Webster to proceed with each of the Acquisitions and support them notwithstanding that the transactions are not interconditional. However, implementation of both Acquisitions provides an opportunity for Webster to undertake a transformation in both scale and diversity. As each of the entities – Webster, Bengerang and Tandou have skills and experience in irrigated agriculture, the Directors believe there are potential gains which will come with the sharing of this expertise. Other synergistic benefits may occur with lower corporate and administration costs. If both Acquisitions are completed successfully, Webster will have a significantly larger market capitalisation and is anticipated to have greater liquidity in trading of its Shares on ASX. The Acquisitions also present opportunities to reduce risk through lower overall gearing and diversification of the geographical location of crops.

In terms of managing corporate and shareholder risk, Webster is of the view that agribusiness entities should be managed with relatively conservative gearing. Following Webster's acquisition of the Kooba aggregation of properties and associated water entitlements in December 2014, Webster is gearing (interest bearing debt to total assets) increased to 46%. Completion of the Bengerang and Tandou Acquisitions is expected to reduce this to around 30%. Post acquisitions, in terms of the existing portfolio of assets and anticipated trading conditions, Webster does not foresee a need for further new equity raising.

2.3. Why you should vote in favour of the Bengerang Resolutions

Reasons why Shareholders may decide to vote in favour of the Bengerang Resolutions include the following:

- The Webster strategy is to own or control its significant water requirements and to stream these to uses of greatest return – also referred to as highest and best use. The Bengerang Acquisition brings with it significant water entitlements. These will be applied in the main to cotton production, the highest return currently among irrigated annual crops. Webster already applies this same strategy to its existing tree crop operations. Walnut production is a highest and best use for water on perennial crops.
- Webster Directors have determined that it is to the long term advantage of Shareholders if the company owns or controls its key assets. Apart from water entitlements the Directors consider that the Bengerang properties are among the very best available for annual cropping and in particular, cotton, positioning the company for potentially long term and high sustainable returns.
- Bengerang is managed by AFF. Over three decades the principals of AFF have shown themselves to be among the best row crop and particularly cotton, managers in Australia. As part of the Bengerang Acquisition Webster has secured management services of AFF and particularly its general manager, Mr Joe Robinson, for all of its properties. Apart from Bengerang, this includes for the Kooba aggregation of properties acquired by Webster in December 2014 for \$120 million and, potentially if its bid succeeds, for the Tandou portfolio of properties.
- The Bengerang Acquisition complements the existing strategy of Webster and neatly fits with the recently completed Kooba Aggregation purchase and the proposed Tandou Acquisition, consolidating Webster's position as one of Australia's larger cotton and irrigated cropping companies, providing additional high quality properties with some geographic diversification and appropriate water resources.
- The new properties will give Webster capacity for substantial growth in annual row cropping into the future. The properties further support the continued, measured growth path for walnut orchard expansion. With such land holdings under its management, other high value horticulture crops may be considered by Webster.
- Following the completion of the Bengerang Acquisition, Webster will have a significantly larger market capitalisation, lower gearing and greater liquidity. Operational gains are planned with the enlarged scale of economies that materialise.
- The Independent Expert has concluded that the Bengerang Acquisition is fair and reasonable to Shareholders other than the Bengerang Vendors and their associates.

2.4. Why you may vote against the Bengerang Resolutions

Shareholders may decline to approve the Bengerang Resolutions for a number of reasons. These may include the following:

- They do not agree with the Bengerang Acquisition.
- They will suffer a substantial dilution in the voting interest in Webster should the Bengerang Acquisition proceed.
- They do not agree with the conclusion of the Independent Expert.

2.5. Why you should vote in favour of the Tandou Resolutions

Reasons why Shareholders may decide to vote in favour of the Tandou Resolutions include the following:

- The Webster strategy is to own or control its significant water requirements and to stream these to uses of greatest return – also referred to as highest and best use. The Tandou Acquisition brings with it significant water entitlements. These will be applied in the main to cotton production, the highest return currently among irrigated annual crops. Webster already applies this same strategy to its existing tree crop operations. Walnut production is a highest and best use for water on perennial crops.

- The Tandou Acquisition complements the existing strategy of Webster and neatly fits with the recently completed Kooba Aggregation purchase and the proposed Bengerang Acquisition, consolidating Webster's position as one of Australia's larger cotton and irrigated cropping companies, providing additional high quality properties with some geographic diversification and appropriate water resources.
- It provides Webster with access to substantial water assets. The transactions bring a mix of general and higher security water entitlements. As it develops its properties, the company has the important flexibility to stream higher security water to its orchard estates and grow its cotton and annual cropping with a mix of lower security water entitlements.
- Following the completion of the Tandou Acquisition, Webster will have a significantly larger market capitalisation, lower gearing and greater liquidity. Operational gains are planned with the enlarged scale of economies that materialise.
- The Independent Expert has concluded that:
 - the acquisition of Tandou Shares from the Cushing Entities as part of the Tandou Acquisition is fair and reasonable to Shareholders other than the Cushing Entities and their associates; and
 - the acquisition of Tandou Shares from Peter Joy as part of the Tandou Acquisition is fair and reasonable to Shareholders other than Peter Joy and his associates.

2.6. Why you may vote against the Tandou Resolutions

Shareholders may decline to approve the Tandou Resolutions for a number of reasons. These may include the following:

- They do not agree with the Tandou Acquisition.
- They will suffer a dilution in the voting interest in Webster should the Tandou Acquisition proceed.

2.7. Why you should vote in favour of the Ratification Resolution

Reasons why Shareholders may decide to vote in favour of the Ratification Resolution include the following:

- It will provide Webster with additional flexibility in considering any necessary further fundraising and will enable Webster to raise further funds at any time during the next 12 months by issuing up to the full 15% of its issued share capital.
- It will avoid Webster incurring additional costs by convening a meeting of Shareholder to approve an issue of equity securities that would otherwise be able to be made as a result of this additional flexibility.

2.8. Why you may vote against the Ratification Resolution

Shareholders may decline to approve the Ratification Resolution for a number of reasons. These may include the following:

- Shareholders may not wish to provide Webster with further flexibility to raise further funds by issuing equity securities without first obtaining Shareholder approval.
- Shareholders may not agree with the Placement of Shares to AFF undertaken by Webster.

2.9. Key implications if the Resolutions are not approved

If any of the Bengerang Resolutions are not approved:

- The Bengerang Acquisition will not proceed.

- Webster will not acquire an interest in any of the substantial land and water assets owned by Bengerang.
- Webster will remain with relatively high gearing levels.

If any of the Tandou Resolutions are not approved:

- The Tandou Acquisition will not proceed.
- Webster will not acquire an interest in any of the substantial land and water assets owned by Tandou.
- Webster will be required to pay a break fee of up to \$800,000 to Tandou (see Section 7.3(k) for more details).

If the Placement Resolution is not approved:

- There will be no impact on the Shares issued under the Placement.
- However Webster will not have the ability to issue up to the full 15% of its issued share capital during the period ending 12 months after the date of the Placement (on 16 December 2015) without first obtaining Shareholder approval (except as otherwise permitted by the Listing Rules).

3. Information on Bengarang

3.1. Overview of Bengarang

Bengarang, formerly named PrimeAg Australia Limited, was previously an ASX listed Australian agribusiness which owned and operated agricultural land and water assets in northern New South Wales and eastern Queensland. Its main crops included cotton, wheat, sorghum and chickpeas.

It divested most of its assets in 2012 and was subsequently privatised in 2013 in conjunction with the divestment of the remainder of its assets, other than its Lower Box, Dodds, Lakeland Downs and Kurrajong Hills properties.

The privatisation process was completed on 12 November 2013. Following the privatisation, Bengarang entered into a number of contracts to buy, sell and lease various properties. Bengarang currently owns the following properties:

- Bengarang Aggregation in Garah, New South Wales, comprising the properties known as Bengarang, Lower Box, Bullamon, Dodds and Rockless Park;
- Lakeland Downs in Condamine, Queensland; and
- Kurrajong Hills in New South Wales.

Bengarang intends to purchase the following properties:

- Bengarang currently leases Medgun at Garah, New South Wales. Bengarang has leased this property until August 2015 and has an option to purchase it (inclusive of water rights) up to 28 June 2015 or earlier for \$8.0 million. It is proposed that this purchase will be settled following Webster's Acquisition of Bengarang.
- Fort Bourke, Darling Farms and parts of Allambie in Bourke, New South Wales. Bengarang has entered into a contract (including early occupancy) to purchase the leasehold interest in these properties and associated water entitlements for \$32.7 million. Bengarang expects that purchase to complete in early April 2015 prior to completion of Webster's purchase of Bengarang.

The following table summarises the property holdings and water entitlements of Bengarang on completion of those contracts:

| Property | Hectares | Water entitlements (ML) |
|---|---------------|-------------------------|
| Bengarang aggregation, Garah, New South Wales | 8,177 | 23,573 |
| Lakeland Downs, Condamine, Queensland | 1,684 | 2,040 |
| Fort Bourke, Darling Farms and parts of Allambie in Bourke, New South Wales | 15,771 | 32,556 |
| Total | 25,632 | 58,169 |

During the current financial year, capital works in an amount of approximately \$3 million have been completed. The purpose of these works was to integrate and augment the water reticulation and storage works on the newly aggregated properties at Garah, NSW.

3.2. Historical financial performance

The financial performance of Bengerang for the financial year ended 30 June 2014 and the half year ended 31 December 2014 is summarised in the table below.

| Summary income statement | | |
|---------------------------------|---------------------------------|-------------------------------------|
| \$'000 | 30 June 2014¹ | 31 December 2014² |
| Revenue | 14,467 | 907 |
| Gross Profit | 5,698 | 1,236 |
| EBITDA | (692) | (600) |
| Earnings/(loss) before tax | 2,922 | (1,237) |

Notes:

1. The column headed "30 June 2014" is drawn from the audited financial statements for Bengerang for the financial year ended 30 June 2014.
2. The column headed "31 December 2014" is taken from the unaudited management accounts for Bengerang for the six months ended 31 December 2014.

More detailed information regarding the historical financial performance for Bengerang for the financial year ended 30 June 2014 and the half year ended 31 December 2014 is set out in Section 4.3 of the Independent Expert's Report.

Given the significant change in the properties owned by Bengerang before the 2014 financial year it is not meaningful to incorporate earlier historical results.

3.3. Unaudited proforma statement of financial position

The proforma statement of financial position of Bengerang set out below has been prepared to illustrate the financial position of Bengerang had certain transactions described below occurred as at 31 December 2014. This proforma statement of financial position is intended to be illustrative only and will not reflect the actual position and balances of Bengerang as at the 31 December 2014 or at the date of completion of the Bengerang Acquisition. The consideration payable by Webster under the Bengerang SPA has been determined on the basis that Bengerang has completed the transactions described below. See Section 7.1 for details.

The proforma statement of financial position is presented in summary form only and does not comply with the presentation and disclosure requirements of Australian Accounting Standards.

| Unaudited Proforma statement of financial position | | |
|---|--|--|
| \$'000 | Actual 31 December 2014¹ | Proforma 31 December 2014³ |
| Current Assets | | |
| Cash and cash equivalents | 118 | 5,118 |
| Trade and other receivables | 3,936 | 436 |
| Inventories | 756 | 756 |
| Biological assets | 2,998 | 2,998 |
| Other assets | 141 | 141 |

| | | |
|--|--------|---------|
| Total Current Assets | 7,949 | 9,449 |
| Non-Current Assets | | |
| Available for sale financial assets | 2 | 2 |
| Land and buildings + property improvements | 36,716 | 53,208 |
| Plant and equipment | 3,222 | 3,222 |
| Water licences | 31,990 | 62,010 |
| Liabilities assumed by New Investors | n/a | 10,570 |
| Deferred tax asset | 3,967 | 3,967 |
| Total Non-Current Assets | 75,898 | 132,979 |
| Total Assets | 83,847 | 142,428 |
| Non-Current Liabilities | | |
| Trade and other payables | 2,216 | 1,716 |
| Interest -bearing loans and borrowings | 3,962 | 3,962 |
| Provisions | 39 | 39 |
| Total Current Liabilities | 6,217 | 5,717 |
| Interest -bearing loans and borrowings | 15,769 | 15,769 |
| Provisions | 11 | 11 |
| Deferred tax asset | 3,255 | 3,255 |
| Total Non-Current Liabilities | 19,035 | 19,035 |
| Total Liabilities | 25,252 | 24,752 |
| Net Assets | 58,595 | 117,676 |

Notes:

- The column headed "Actual 31 December 2014" is drawn from the unaudited financial statements of Bengerang for the six months ended 31 December 2014.
- The column headed "Proforma 31 December 2014" reflects the column headed "Actual 31 December 2014" after undertaking the following adjustments:
 - the acquisition of the Darling Farm Assets for \$32,685,960 as at 31 December 2014 ;
 - the acquisition of the Medgun Assets for \$8,000,000 as at 31 December 2014;
 - the acquisition of additional water entitlements from AFF or an associated entity with a market value of \$5 million in consideration for the issue of 3,694,099 Bengerang Shares as at 31 December 2014;

- (d) the injection of an additional \$5 million in cash in subscription for 3,694,099 Bengerang Shares as at 31 December 2014;
- (e) the issue of 29,552,792 Bengerang shares in consideration for the assumption of liabilities owed by Bengerang in connection with the acquisition of Darling Farm Assets, the Medgun Assets and other liabilities in an aggregate amount of \$40 million; and
- (f) the revaluation of certain land and water entitlements which result in an increase in the net assets of Bengerang by \$12.4 million. No adjustment for a deferred tax liability on the increase in value of the land and water entitlements has been made as Bengerang has sufficient capital losses to offset any potential capital gain.

3.4. Management of Bengerang

AFF and Bengerang are parties to a management and administration agreement dated 8 January 2014. Under this agreement, AFF provides Bengerang with a range of general management, farm management and administrative services. In consideration for these services, Bengerang paid AFF a management fee of \$500,000 per annum (plus GST if applicable) payable monthly in arrears. In addition, AFF charged Bengerang for the full cost of all employees engaged in performing the management and administration services for Bengerang under the existing management agreement.

Under the Bengerang SPA, the existing management agreement with AFF will be terminated and will be replaced with the AFF Management Agreement. See Section 7.1 for details.

3.5. Pro-forma transactions and recapitalisation of Bengerang

The consideration of 107,670,120 Shares to be issued for the acquisition of all Bengerang Shares has been determined on the basis that a number of transactions related to Bengerang have been completed. These transactions comprise the following:

- (a) Bengerang acquires the properties known as Fort Bourke, Darling Farm and parts of "Alambi", Bourke NSW and associated water entitlements (**Darling Farm Assets**);
- (b) Bengerang acquires the property known as Medgun and associated water entitlements (**Medgun Assets**);
- (c) Bengerang completes an issue of new Bengerang Shares to the Bengerang Vendors for an aggregate subscription price of \$50 million; and
- (d) certain land and water entitlements of Bengerang are revalued by an amount of \$12.4 million.

The unaudited pro-forma statement of financial position set out in Section 3.3 illustrates the impact of these transactions on the unaudited statement of financial position of Bengerang as at 31 December 2014.

Further information regarding each of these transactions is set below:

Darling Farm Assets

Bengerang entered into contracts to purchase the Darling Farm Assets in November 2014. The aggregate consideration payable is \$32,685,960. Of this sum, a deposit of \$3.5 million was paid on execution of the agreement. The balance of the consideration is payable as follows:

- (a) \$5,185,960 million on completion;
- (b) \$12 million on the first anniversary of completion; and
- (c) \$12 million on or before 30 June 2016.

It is presently anticipated that completion of this transaction will take place in April 2015. Assuming that completion takes place prior to completion of the Bengerang Acquisition, the outstanding purchase price for the Darling Farm Assets will be \$24 million.

Medgun Assets

Bengerang presently leases the land comprised in the Medgun Assets. Bengerang has also entered into a put and call option to purchase the Medgun Assets for a total purchase price of \$8 million. The call option is exercisable between 20 July 2014 and 28 June 2015. If the call option is not exercised, the owner of these assets may exercise a put option compelling Bengerang to acquire those assets. This put option is exercisable between 29 and 30 June 2015. The Bengerang board has indicated its intention to exercise the call option in June 2015. The purchase consideration of \$8 million is payable by the Bengerang Vendors on completion of the acquisition.

The Directors expect to exercise the call option in June 2015. This option will not be exercised prior to completion of the Bengerang Acquisition. The maintenance of the put and call option in good standing is a condition precedent to completion of the Bengerang Acquisition so that Bengerang is in a position to exercise this option following completion.

Recapitalisation

Bengerang proposes to complete a recapitalisation through the issue of shares to the Bengerang Vendors at an issue price of \$1.35351 per share. Webster will acquire these shares as well as all other issued shares in Bengerang on completion of the Bengerang Acquisition.

The subscription price of \$50 million will be payable in the following form:

- (a) the transfer of water entitlements by AFF free of security interests and other third party rights for a consideration of \$5 million;
- (b) cash consideration of \$5 million payable by Belfort and Verolot; and
- (c) the payment of cash and assumption of liabilities by the Bengerang Vendors in an aggregate amount of \$40 million.

The assumption of liabilities will comprise Bengerang's obligation to pay:

- (a) the outstanding consideration of \$24 million in respect of the Darling Farm Assets; and
- (b) the consideration of \$8 million on exercise of the call option to acquire the Medgun Assets.

3.6. Participation by New Investors

The Bengerang Vendors have secured the financial support from other investors in connection with the assumption of liabilities in an amount of \$40 million described in Section 3.5. Under these arrangements, the New Investors will in part fund the assumed obligations of the Bengerang Vendors to meet liabilities of Bengerang in exchange for the Bengerang Vendors procuring that Webster issues some of the Shares to be issued under the Bengerang Acquisition to the New Investors directly.

It is a condition precedent to completion of the Bengerang Acquisition that the terms of these arrangements with the New Investors are acceptable to Webster.

It is anticipated that the New Investors will be issued the following Shares on completion of the Bengerang Acquisition:

Eagle Securities Limited – 3,854,369 Shares;

Kaplan Equity Limited – 30,434,783 Shares.

As at the date of this Booklet, neither Eagle Securities Limited nor Kaplan Equity Limited are substantial shareholders of Webster. The Bengerang Vendors have confirmed that neither Eagle Securities Limited nor Kaplan Equity Limited is an associate of a Bengerang Vendor.

See Section 5.8 for details of the impact of completion of the Bengerang Acquisition on the voting power of each of the Bengerang Vendors and the New Investors.

3.7. Association of Bengarang Vendors

On 5 March 2015 the AFF Persons (who include AFF) lodged a 'Notice of change of interests of substantial holder' regarding their voting power in Webster. That notice disclosed (among other things) the following:

- (a) that each AFF Person's voting power in Webster has increased from 11.25% to 35.13%;
- (b) none of the AFF Persons has acquired any relevant interest in additional Shares since the last substantial shareholder notice lodged;
- (c) the increased voting power in Webster may be deemed to arise from the establishment of an associate relationship between the named parties being the other Bengarang Vendors who in aggregate have a relevant interest in 37,138,418 Webster Shares;
- (d) none of the named AFF Persons has a relevant interest in those 37,138,418 Webster Shares;
- (e) the entry into the Bengarang SPA may be considered to have resulted in the establishment of an association between the Bengarang Vendors and also Chris Corrigan pursuant to section 12 of the Corporations Act;
- (f) the association that may have been created on entry into the Bengarang SPA will cease when "Completion" as defined in the Bengarang SPA takes place.

Subsequently, a 'Notice of change in interests of substantial shareholder' on broadly similar terms (subject to adjustment to reflect the relevant interest of the relevant parties) was lodged by each of the other Bengarang Vendors and Chris Corrigan.

Each Bengarang Vendor has confirmed to Webster the accuracy of the above statements with respect to the limited nature of any association that may have arisen on execution of the Bengarang SPA, that any such association would come to an end on completion of the Bengarang Acquisition and the absence of any relevant interest in each other Bengarang Vendor's Shares.

In recognition of this and to assist Shareholders to understand the effect of completion of the Bengarang Acquisition on Webster, in this Booklet, unless specifically stated:

- (a) references to "*voting power*" of a Bengarang Vendor does not take account of the voting power that arises under the Corporations Act as a result of any association between the Bengarang Vendors that arose as a result of execution of the Bengarang SPA, it being noted that such association will come to an end on completion of the Bengarang Acquisition; and
- (b) references to an "*associate*" of a Bengarang Vendor does not include another Bengarang Vendor.

4. Information on Tandou

4.1. Overview of Tandou

Tandou is an ASX listed Australian agribusiness focussed on investing in and managing water and land assets in the connected Murray-Darling Basin.

Tandou was founded in 1972 at which time it operated primarily as a pastoral property. Tandou subsequently became a producer of high value annual and permanent crops with irrigation and listed on ASX in 1987.

Tandou is now a large scale cotton orientated irrigator producing some rotational crops to optimise returns from its land assets. It has developed and diversified its business to include, in addition to high yielding cereal, oilseed and cotton crops, sheep meat from its pastorally run Dorper flock and the provision of agribusiness management advice. Tandou maintains a focus on growing its investment in water entitlements in the Murray-Darling Basin region using its scale and intellectual property as a competitive advantage.

It currently operates in 2 major business segments – farming and water operations. The farming segment comprises the production of crops (upland cotton and cereal) for sale in Australian and international markets as well as pastoral activities relating to sheep and cattle. The water operations segment comprises the trading of permanent water entitlements and temporary water allocations.

The following table summarises the property holdings of Tandou at the date of this Booklet and the valuations ascribed to each of them by recent valuations (see the Independent Expert's Report for further information).

| Property | Hectares | Valuation \$'000 |
|---|----------------|---------------------|
| Tandou Farm, Menindee, New South Wales | 127,337 | \$34,500 |
| Glenmea, Hay, New South Wales | 6,223 | \$6,360 |
| Bundygoola, Hay, New South Wales | 7,760 | \$9,210 |
| Pevensey, Hay, New South Wales ¹ | 1,400 | \$240 |
| Total | 142,720 | \$50,310 |

Note:

1. Leased to Tandou.

Tandou also owns a significant and diversified portfolio of water entitlements. Tandou invests in water entitlements for long term capital growth while retaining the option of using the allocation from the entitlements to sell water allocations when demand and price are high, or crop production on its farm operations when demand and prices are relatively low to commodity returns.

The following table summarises the water entitlements of Tandou at the date of this Booklet and the valuations ascribed to each of them by recent valuations (see the Independent Expert's Report for further information).

| Water entitlements | ML | Valuation \$'000 |
|--------------------|---------------|---------------------|
| VIC Murray | 5,513 | \$9,810 |
| VIC Goulbourn | 6,605 | \$11,690 |
| NSW Murray | 3,819 | \$6,250 |
| Murrumbidgee | 46,174 | \$41,240 |
| Lower Darling | 21,901 | \$18,000 |
| Total | 84,013 | \$86,990 |

4.2. Financial performance

The financial performance of Tandou for the financial years ended 30 June 2012, 30 June 2013 and 30 June 2014 and the half year ended 31 December 2014 is set out in the table below.

| Summary Income Statement | | | | |
|---------------------------------|---------------------|---------------------|---------------------|-------------------------|
| \$'000 | 30 June 2012 | 30 June 2013 | 30 June 2014 | 31 December 2014 |
| Revenue | 49,144 | 65,716 | 68,680 | 40,219 |
| Gross profit | 11,353 | 13,693 | 5,225 | 3,324 |
| EBIT | 8,010 | 9,521 | 3,062 | 1,140 |
| Earnings before tax | 7,503 | 8,609 | 295 | 298 |

A detailed summary of the historical income statements for Tandou for the years ended 30 June 2012, 30 June 2013 and 30 June 2014 and six months ended 31 December 2014 is set out in Section 5.8 of the Independent Expert's Report.

4.3. Financial position

Summarised below is the balance sheet of Tandou as at 30 June 2014 and as at 31 December 2014.

| Balance Sheet | | | |
|-------------------------------|--|--|--|
| \$'000 | Actual 30 June 2014¹ | Actual 31 December 2014² | Proforma 31 December 2014³ |
| Assets | | | |
| Inventories – agricultural | 27,093 | 1,284 | 1,284 |
| Inventories – water | 56,609 | 60,941 | 86,990 |
| Other current assets | 14,396 | 22,649 | 22,714 |
| Total current assets | 98,098 | 84,874 | 110,988 |
| Land and buildings | 58,388 | 58,411 | 50,310 |
| Plant and equipment | 6,395 | 6,929 | 6,929 |
| Inventories – water | 2,084 | 2,084 | - |
| Other non-current assets | 2,062 | 2,132 | 2,132 |
| Total non-current assets | 68,929 | 69,556 | 59,371 |
| Total assets | 167,027 | 154,430 | 170,359 |
| Liabilities | | | |
| Total current liabilities | 9,690 | 31,232 | 32,382 |
| Total non-current liabilities | 45,455 | 13,184 | 17,597 |
| Total liabilities | 55,145 | 44,416 | 49,979 |
| Net assets | 111,882 | 110,014 | 120,380 |

Note:

1. The column headed “Actual 30 June 2014” is drawn from the audited financial statements for Tandou for the financial year ended 30 June 2014 as released to the ASX on 25 August 2014.
2. The column headed “Actual 31 December 2014” is drawn from the audit-reviewed financial statements for Tandou for the half year ended 31 December 2014 released to ASX on 27 February 2015.
3. The column headed “Proforma 31 December 2014” is drawn from the audit-reviewed financial statements for Tandou for the half year ended 31 December 2014 released to ASX on 27 February 2015 adjusted to reflect the valuations of land and buildings and water rights ascribed by CBRE and transaction costs for the Tandou Acquisition. See the Independent Expert Report for details.

A detailed statement of financial position of Tandou as 30 June 2012, 30 June 2013, 30 June 2014 and as 31 December 2014 as well as an adjusted balance sheet reflecting the independent values ascribed by CBRE to land and buildings and water rights and adjustments for transaction costs is set out in Section 5.9 of the Independent Expert’s Report.

4.4. Board of Tandou

The current directors of Tandou comprise:

- Mr Rob Woolley – non-executive chairman;
- Guy Kingwill – chief executive officer and managing director;
- David Boyd – non-executive director
- Rodger Finlay – non-executive director.

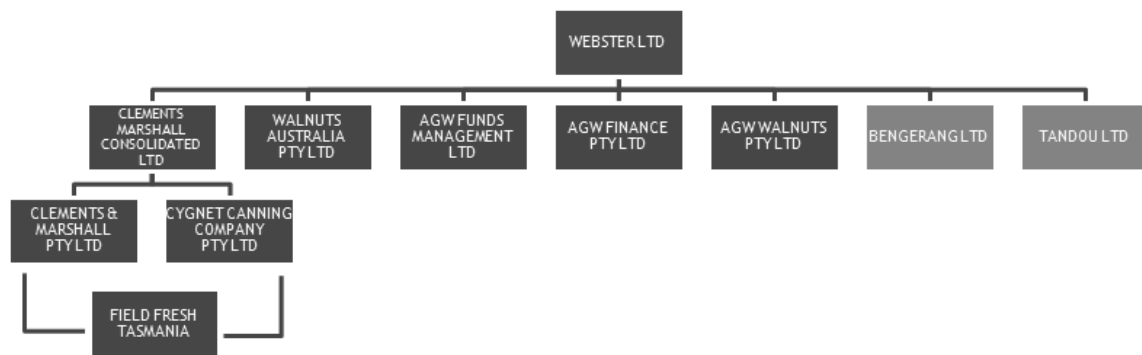
5. The New Webster - Impact of the Proposed Acquisitions on Webster

5.1. Overview

If the Bengerang Acquisition proceeds, Bengerang will become a wholly owned subsidiary of Webster.

If the Tandou Acquisition proceeds and Webster achieves voting power in Tandou of at least 50.1%, Tandou will become a subsidiary of Webster. If Webster receives acceptances of not less than 90% under the Tandou Offer then Webster may move to compulsory acquire the balance of Tandou Shares outstanding, in which circumstances Tandou would also become a wholly owned subsidiary of Webster.

Set out below is the structure of Webster and its subsidiaries immediately after the completion of the Bengerang Acquisition and the Tandou Acquisition.



Notes:

1. All entities are wholly owned subsidiaries of Webster except possibly Tandou. Webster's interest in Tandou will depend on the level of acceptances received under the Tandou Offer.

If both the Bengerang Acquisition proceeds and Webster receives acceptances of at least 90% under the Tandou Offer and proceeds to compulsory acquisition of Tandou, Webster will hold the following:

- Over 235,000 litres of water entitlements representing possibly the largest private portfolio of water entitlements in Australia;
- Walnut orchards in NSW and Tasmania with annual production of approximately 7,000 tonnes, reinforcing Webster's position as the largest walnut producer in Australia;
- Over 40,000 hectares of irrigation land for cotton and other annual crop farming operations which if fully planted would represent around 11% of cotton area planted across Australia with operations geographically spread across northern and southern NSW.

The key assets and operations of Webster following completion of both transactions (based on land and water held as at 31 December 2014) is illustrated below.

| Key assets/operations | Webster | Webster & Bengerang | Webster & Tandou ¹ | Webster & Bengerang & Tandou ¹ |
|-----------------------|---------|---------------------|-------------------------------|---|
| Land | | | | |
| - Irrigated | 11,836 | 21,395 | 33,046 | 42,605 |
| - Orchard | 2,692 | 2,692 | 2,692 | 2,692 |
| - Dryland | | | | 2,388 |

| | | | | |
|------------------------|---------------|----------------|----------------|----------------|
| | - | 2,388 | - | |
| - Grazing | 33,122 | 45,014 | 150,784 | 162,676 |
| - Other | 3,446 | 5,239 | 7,294 | 9,087 |
| | 51,096 | 76,728 | 193,816 | 219,448 |
| Water | | | | |
| - High Security | 3,868 | 3,868 | 21,333 | 21,333 |
| - General Security | 47,843 | 65,473 | 105,241 | 122,871 |
| - Supplementary/Ground | 25,408 | 33,325 | 34,558 | 42,475 |
| - Unregulated/other | 21,432 | 54,054 | 21,432 | 54,054 |
| | 98,551 | 156,720 | 182,564 | 240,733 |

1. Note: Includes 1,400 ha for Pevensey leased to Tandou.

5.2. Transactions not fully implemented

The Bengering Acquisition and the Tandou Offer are **not** interconditional. Either transaction may proceed even if the other transaction does not (due to failure by Shareholders to pass the necessary Resolutions or non-satisfaction of other conditions). In recognition of this, this Section 5 presents the impact of the completion of each of the Bengering Acquisition and the Tandou Offer both on a combined basis and separately.

The Tandou Offer is subject to a minimum acceptance condition of 50.1%. If Webster achieves this minimum acceptance condition but does not receive acceptances for 90% or more of the issued Tandou Shares, Tandou will become a subsidiary of Webster but will not be a wholly owned subsidiary. This Section 5 also outlines the position of Webster in the event that Webster achieves acceptances above the 50.1% minimum acceptance requirement but below 90%.

In considering the Resolutions, Shareholders should consider all possible outcomes and should not assume that both the Bengering Acquisition and the Tandou Offer will be successful.

5.3. Webster intentions following the Acquisitions

Webster will continue its measured growth in walnuts and this year and next year will complete the development of its new 900 hectare Avondale West orchard near Griffith. Webster is exploring further expansion in walnuts and potentially other horticulture, possibly on its Kooba property at Darlington Point on the Murrumbidgee.

On completion of the acquisition of Bengering, Webster proposes to undertake the following:

- reconfigure the board of Bengering to comprise only Directors (including any Tandou nominee to the Board);
- complete the acquisition of the Medgun Assets in June 2015;
- if completion has not occurred earlier, complete the acquisition of the Darling Farm Assets;
- continue planting of existing Bengering land and the land acquired as part of the acquisition of the Darling Farm Assets and Medgun Assets; and
- where possible, to consolidate the Webster and Bengering debt facilities with a view to ensuring that Webster has access to sufficient expansion and working capital to achieve its objectives.

If Webster acquires 90% or more of the issued Tandou Shares under the Tandou Offer and becomes entitled to proceed to compulsory acquisition under the Corporations Act for all the remaining Tandou Shares, Webster intends to undertake the following:

- proceed to compulsory acquisition of the remaining Tandou Shares in accordance with the Corporations Act;
- arrange for Tandou to be removed from the Official List of the ASX;
- replace all members of the Tandou board with nominees of Webster which will comprise Webster Directors (including any Tandou nominees to the Board) and members of the Webster management team;
- retain permanent water entitlements acquired through the Tandou Acquisition for its own farming purposes, however, some water trading may occur, particularly of temporary or seasonal entitlements;
- continue the present operation of the Tandou Farms pending a review of all properties in the Webster group for most production and economic use over the coming 12 months; and
- where possible, to consolidate the Webster and Tandou debt facilities with a view to ensuring that Webster has access to sufficient expansion and working capital to achieve its objectives.

If Webster acquires 50.1% or more of the Tandou Shares under the Tandou Offer but is not entitled to proceed with compulsory acquisition, Webster intends to undertake the following:

- seek to nominate a majority of the board of Tandou;
- if there is limited spread of Tandou shareholders, or limited volume of trading in Tandou Shares, following completion of the Tandou Offer, seek to arrange for Tandou to be removed from the Official List of the ASX;
- seek to implement the other intentions outlined above to the extent it is able to do so having regard to the extent of Webster's interest in Tandou.

The intentions and statements of future conduct set out above must be read as being subject to:

- (a) the law including particularly the requirements of the Corporations Act in relation to conflicts of interest and "related party" transactions; and
- (b) the legal obligations of the directors of Tandou at the time to act in good faith in the best interest of Tandou and for proper purposes and to have regard to the interest of all Tandou shareholders.

5.4. Management of Webster

On successful conclusion of the Offer, Mr Rob Woolley, Chairman of Tandou, or another non-executive director of Tandou, nominated by Tandou, will be invited to join the Webster board.

The Webster administrative office and its senior management have historically been based in Tasmania. These transactions, coupled with Webster's majority NSW asset base and the sale of its Tasmanian onion operation, Field Fresh Tasmania, on the 30 of June 2015 will see Chief Executive Officer, John Hosken, relocate to the Riverina, NSW. The senior walnut management team at Webster located in the Riverina remain unchanged and retain their sole focus on the walnut operation.

To assist in achieving its goals Webster has also agreed to contract AFF and its general manager, Joe Robinson, to provide management services as it integrates and develops the acquired operations.

5.5. Unaudited proforma statement of financial position

The proforma statement of financial position of Webster set out below has been prepared to illustrative the financial position of Webster assuming that the following transactions occurred as at 31 December 2014.

Summarised below is the balance sheet of Webster as at 31 December 2014 together with pro forma balance sheets as at 31 December 2014 assuming:

- completion of the Bengerang Acquisition without completion of the Tandou Acquisition (**Scenario 1**);
- completion of the Tandou Acquisition at 50.1% acceptance under the Tandou Offer (**Scenario 2**), and 100% acceptance under the Tandou Offer (**Scenario 3**) without completion of the Bengerang Acquisition;
- completion of the Bengerang Acquisition with completion of the Tandou Acquisition at 50.1% acceptance under the Tandou Offer (**Scenario 4**) and 100% acceptance under the Tandou Offer (**Scenario 5**).

These proforma statements of financial position are intended to be illustrative and will not reflect the actual position and balances of Webster as at 31 December 2014 or at the date of completion of either of the Bengerang Acquisition or the Tandou Offer.

The proforma statements of financial position are presented in summary form only and do not comply with the presentation and disclosure requirements of Australian Accounting Standard.

| Unaudited proforma statement of financial position | | | | | | |
|--|------------------|--------------------------------------|---|--|---|---|
| | WBA ¹ | Scenario 1 WBA & BEN ² | Scenario 2 WBA & TAN (50.1%) ³ | Scenario 3 WBA & TAN (100%) ⁴ | Scenario 4 WBA & BEN & TAN (50.1%) ⁵ | Scenario 5 WBA & BEN & TAN (100%) ⁶ |
| | \$'000 | \$'000 | | \$'000 | | \$'000 |
| Current Assets | | | | | | |
| Cash and cash equivalents | 2,229 | 7,347 | 2,354 | 2,354 | 7,472 | 7,472 |
| Trade and other receivables | 6,784 | 7,220 | 11,810 | 11,810 | 12,246 | 12,246 |
| Inventories | 23,985 | 24,741 | 25,269 | 25,269 | 26,025 | 26,025 |
| Inventories - water | - | - | 86,990 | 86,990 | 86,990 | 86,990 |
| Current tax assets | 812 | 812 | 812 | 812 | 812 | 812 |
| Biological assets | 786 | 3,784 | 18,299 | 18,299 | 21,297 | 21,297 |
| Other assets | 880 | 1,021 | 880 | 880 | 1,021 | 1,021 |
| Investments | - | - | 50 | 50 | 50 | 50 |
| Assets held for sale | 9,511 | 9,511 | 9,511 | 9,511 | 9,511 | 9,511 |
| Total current assets | 44,986 | 54,435 | 155,974 | 155,974 | 165,423 | 165,423 |
| Non-Current Assets | | | | | | |
| Trade and other receivables | 3,167 | 3,167 | 3,167 | 3,167 | 3,167 | 3,167 |
| Property, plant and equipment | 8,287 | 11,509 | 15,216 | 15,216 | 18,438 | 18,438 |
| Property, biological assets & water rights | 188,225 | 303,443 | 238,535 | 238,535 | 353,753 | 353,753 |

| | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Liabilities assumed by Bengarang investors | | 10,570 | | | 10,570 | 10,570 |
| Investment property | 817 | 817 | 817 | 817 | 817 | 817 |
| Loan receivable | - | - | 2,132 | 2,132 | 2,132 | 2,132 |
| Deferred tax assets | 3,480 | 7,447 | 3,480 | 3,480 | 7,447 | 7,447 |
| Intangibles - water rights | - | - | - | - | - | - |
| Goodwill | - | 6,145 | - | - | 6,145 | 6,145 |
| Intangibles - other | 2,504 | 2,506 | 2,504 | 2,504 | 2,506 | 2,506 |
| Total non-current assets | 206,480 | 345,604 | 265,851 | 265,851 | 404,975 | 404,975 |
| Total assets | 251,466 | 400,039 | 421,825 | 421,825 | 570,398 | 570,398 |
| Current Liabilities | | | | | | |
| Trade and other payables | 8,118 | 9,834 | 13,142 | 13,142 | 14,858 | 14,858 |
| Borrowings | 55,656 | 59,618 | 80,656 | 80,656 | 84,618 | 84,618 |
| Current tax liability | - | - | 1,394 | 1,394 | 1,394 | 1,394 |
| Other financial liabilities | 300 | 300 | 300 | 300 | 300 | 300 |
| Provisions | 780 | 819 | 1,744 | 1,744 | 1,783 | 1,783 |
| Total current liabilities | 64,854 | 70,571 | 97,236 | 97,236 | 102,953 | 102,953 |
| Non-Current Liabilities | | | | | | |
| Borrowings | 60,994 | 76,763 | 70,994 | 70,994 | 86,763 | 86,763 |
| Deferred tax liabilities | 6,836 | 10,091 | 14,298 | 14,298 | 17,553 | 17,553 |
| Provisions | 162 | 173 | 297 | 297 | 308 | 308 |
| Total non-current liabilities | 67,993 | 87,028 | 85,590 | 85,590 | 104,625 | 104,625 |
| Total liabilities | 132,846 | 157,598 | 182,825 | 182,825 | 207,577 | 207,577 |
| Net assets | 118,619 | 242,440 | 238,999 | 238,999 | 362,820 | 362,820 |
| Issued capital | 91,433 | 215,254 | 141,910 | 192,186 | 265,731 | 316,007 |
| Retained earnings/reserves | 27,186 | 27,186 | 37,019 | 46,813 | 37,019 | 46,813 |
| Non-controlling interests | - | - | 60,070 | - | 60,070 | - |
| Total Equity | 118,619 | 242,440 | 238,999 | 238,999 | 362,820 | 362,820 |

Notes:

2. The column headed "WBA" sets out the audit-reviewed statement of financial position for Webster as at 31 December 2014 included in the Appendix 4D released to ASX on 27 February 2015 adjusted to take account of the following:

- (a) the valuations of land, biological assets and water rights ascribed by CBRE and Colliers to those assets as set out in the Independent Expert Report; and
- (b) Webster's payment of transaction costs of \$750,000.

3. The information included in the column headed "*Scenario 1 WBA & BEN*" has been drawn from the information included in Scenario 1 and the unaudited statement of financial position of Bengerang as at 31 December 2014 adjusted to take account of the valuations of land, biological assets and water rights ascribed by CBRE to those assets as set out in the Independent Expert Report. This column sets out the position of Webster as if the following transactions had taken place on 31 December 2014:
 - (a) Webster completed the Bengerang Acquisition in consideration for the issue of 107,670,120 Shares at an issue price of \$1.15 per Share;
 - (b) prior to completion of the Bengerang Acquisition, each of the transactions the subject of proforma adjustments set out in the unaudited proforma statement of financial position of Bengerang included in Section 3.3 had been completed; and
 - (c) Webster had paid transaction costs of \$750,000.
4. The column headed "*Scenario 2 WBA & TAN (50.1%)*" has been drawn from the information included in the column headed "*WBA*" and the audit reviewed statement of financial position of Tandou included in its Appendix 4D released to ASX on 27 February 2015 adjusted to take account of the valuations of land, biological assets and water rights ascribed by CBRE to those assets as set out in the Independent Expert Report. This column sets out the position of Webster as if the following had taken place as at 31 December 2014:
 - (a) Webster had completed the Tandou Offer and had received acceptances in respect of 98,550,104 Tandou Shares (assuming the exercise of options to be issued 250,000 Tandou Shares) and no partly paid shares in Tandou representing 50.1% of the issued share capital of Tandou in consideration for the issue of 43,893,302 Shares at an issue price of \$1.15 per Share;
 - (b) Webster had paid transaction costs of \$750,000.
5. The column headed "*Scenario 3 WBA & TAN (100%)*" has been drawn from the information included in the column headed "*WBA*" and the audit reviewed statement of financial position of Tandou included in its Appendix 4D released to ASX on 27 February 2015 adjusted to take account of the valuations of land, biological assets and water rights ascribed by CBRE to those assets as set out in the Independent Expert Report. This column sets out the position of Webster as if the following had taken place as at 31 December 2014:
 - (a) Webster had completed the Tandou Offer and had received acceptances in respect of 197,100,209 Tandou Shares (assuming the exercise of options to be issued 250,000 Tandou Shares) and 165,000 partly paid shares in Tandou representing 100% of the issued share capital of Tandou in consideration for the issue of 87,611,382 Shares at an issue price of \$1.15 per Share; and
 - (b) Webster had paid transaction costs of \$750,000.
6. The column headed "*Scenario 4 WBA & BEN & TAN (50.1%)*" is drawn from the information set out in the columns headed "*Scenario 1 WBA & BEN*" and the audit reviewed statement of financial position of Tandou as at 31 December 2014 included in the Appendix 4D released to the ASX by Tandou on 27 February 2015 adjusted to take account of the valuations of land, biological assets and water rights ascribed by CBRE to those assets as set out in the Independent Expert Report. This column sets out the position of Webster on the assumption that the following had been completed as at 31 December 2014:
 - (a) Webster completed the Bengerang Acquisition in consideration for the issue of 107,670,120 Shares at an issue price of \$1.15 per Share;
 - (b) prior to completion of the Bengerang Acquisition, each of the transactions the subject of proforma adjustments set out in the unaudited proforma statement of financial position of Bengerang included in Section 3.3 had been completed;
 - (c) Webster had completed the Tandou Offer and had received acceptances in respect of 98,550,104 Tandou Shares (assuming the exercise of options to be issued 250,000 Tandou Shares) and no partly paid shares in Tandou representing 50.1% of the issued share capital of Tandou in consideration for the issue of 43,893,302 Shares at an issue price of \$1.15 per Share;
 - (d) Webster had paid transaction costs of \$750,000.
7. The column headed "*Scenario 5 WBA & BEN & TAN (100%)*" is drawn from the information set out in the columns headed "*Scenario 1 WBA & BEN*" and the audit-reviewed statement of financial position of Tandou as at 31 December 2014 included in the Appendix 4D released to the ASX by Tandou on 27 February 2015. This column sets out the position of Webster on the assumption that the following had been completed as at 31 December 2014:
 - (a) Webster completed the Bengerang Acquisition in consideration for the issue of 107,670,120 Shares at an issue price of \$1.15 per Share;

- (b) prior to completion of the Bengerang Acquisition, each of the transactions the subject of proforma adjustments set out in the unaudited proforma statement of financial position of Bengerang included in Section 3.3 had been completed;
- (c) Webster had completed the Tandou Offer and had received acceptances in respect of 197,100,209 Tandou Shares (assuming the exercise of options to be issued 250,000 Tandou Shares) and 165,000 partly paid shares in Tandou representing 100% of the issued share capital of Tandou in consideration for the issue of 87,611,382 Shares at an issue price of \$1.15 per Share; and
- (d) Webster had paid transaction costs of \$750,000.

5.6. Gearing

Implementation of the Proposed Acquisitions would substantially reduce gearing ratios of Webster. With the purchase of the Kooba aggregation in December 2014 gearing (interest bearing debt to total assets) increased to over 46%. The gearing for Webster currently and in each of Scenarios 1 to 5 (as described in Section 5.5 above) is set out below.

| Gearing Ratio¹ | | | | | |
|----------------------------------|----------------------|----------------------------------|---------------------------------|--|---|
| | Scenario 1 | Scenario 2 | Scenario 3 | Scenario 4 | Scenario 5 |
| WBA | WBA & BEN | WBA & TAN (50.1%) | WBA & TAN (100%) | WBA & BEN & TAN (50.1%) | WBA & BEN & TAN (100%) |
| 46% | 32% | 35%² | 35% | 29%² | 29% |

Notes:

1. Gearing ratio comprises interest bearing debt net of cash divided by total assets. These ratios are derived from the unaudited proforma consolidated balance sheets included in Section 5.5.
2. Gearing ratio does not take account of outside equity interest of minority shareholders in Tandou.

5.7. Pro forma capital structure

The capital structure of Webster currently and in each of Scenarios 1 to 5 (as described in Section 5.5 above) is set out below.

| | | Shares currently on issue | Shares issued pursuant to Bengerang Acquisition | Shares issued pursuant to Tandou Acquisition¹ | Total |
|--|------------|--|--|---|--------------------|
| Current position | No. | 155,463,093 | - | - | 155,463,093 |
| | % | 100.0% | - | - | 100.0% |
| Bengerang Acquisition only (Scenario 1) | No. | 155,463,093 | 107,670,120 | - | 263,133,213 |
| | % | 59.1% | 40.9% | - | 100.0% |
| Tandou Acquisition only at 50.1% acceptance (Scenario 2) | No. | 155,463,093 | - | 43,893,302 | 199,356,395 |
| | % | 78.0% | - | 22.0% | 100.0% |
| Tandou Acquisition only at 100% acceptance (Scenario 3) | No. | 155,463,093 | - | 87,611,382 | 243,074,475 |
| | % | 64.0% | - | 36.0% | 100.0% |
| Bengerang Acquisition and Tandou Acquisition at 50.1% acceptance (Scenario 4) | No. | 155,463,093 | 107,670,120 | 43,893,302 | 307,026,515 |
| | % | 50.6% | 35.1% | 14.3% | 100.0% |
| Bengerang Acquisition and Tandou Acquisition at 100% acceptance (Scenario 5) | No. | 155,463,093 | 107,670,120 | 87,611,382 | 350,745,595 |
| | % | 44.3% | 30.7% | 25.0% | 100.0% |

Notes:

1. The number of Shares issued pursuant to the Tandou Acquisition may vary from those set out above due to rounding of entitlements.
2. The above proforma capital structure does not reflect the capital structure of Webster if the Tandou Acquisition proceeds but Webster does not achieve acceptances representing 50.1% or more of the issued capital of Tandou. The Tandou Offer is subject to a minimum acceptance condition of 50.1%. While Webster does not presently intend to do so, it is open to Webster to declare the Tandou Offer free of this minimum acceptance condition. If Webster does so, the percentage of the Shares in Webster held by existing Shareholders and Shares issued pursuant to the Bengerang Acquisition will be higher than those outlined above and the percentage of Shares issued pursuant to the Tandou Offer will be lower.

5.8. Impact on control

The substantial holders in Webster and the New Investors and their respective voting power in Webster currently and in each of Scenarios 1 to 5 (as described in Section 5.5 above) is set out below.

| Substantial Holder ¹ | Christopher Corrigan and Belfort ² | AFF Persons ² | Peter Joy | Verolot ² | Entities associated with David Cushing | Kaplan Equity Limited | Eagle Securities Limited |
|--|---|--------------------------|---------------------|----------------------|--|-----------------------|--------------------------|
| Current voting power | 15.33% | 11.25% | 11.41% | 8.55% | 7.35% | 0.00% | 3.17% |
| On Bengerang Acquisition only (Scenario 1) | 15.87% | 20.53% | 6.74% | 12.24% | 4.34% | 11.57% | 3.53% |
| On Tandou Acquisition only at 50.1% acceptances (Scenario 2) | 12.64% ³ | 8.77% | 12.26% ³ | 6.67% | 10.15% ³ | 0.00% | 6.86% ³ |
| On Tandou Acquisition only at 100% acceptances (Scenario 3) | 10.36% | 7.19% | 10.06% | 5.47% | 8.33% | 0.00% | 5.63% |
| On Bengerang Acquisition and Tandou Acquisition at 50.1% acceptances (Scenario 4) | 14.04% ³ | 17.60% | 7.96% ³ | 10.49% | 6.59% ³ | 9.91% | 5.71% ³ |
| On Bengerang Acquisition and Tandou Acquisition at 100% acceptances (Scenario 5) | 12.29% | 15.40% | 6.97% | 9.18% | 5.77% | 8.68% | 5.00% |

Note:

1. The above table does not reflect the capital structure of Webster if the Tandou Acquisition proceeds but Webster does not achieve acceptances representing 50.1% or more of the issued capital of Tandou. The Tandou Offer is subject to a minimum acceptance condition of 50.1%. While Webster does not presently intend to do so, it is open to Webster to declare the Tandou Offer free of this minimum acceptance condition. If Webster does so, the percentage of the Shares in Webster held by existing Shareholders and Shares issued pursuant to the Bengerang Acquisition will be higher than those outlined above and the percentage of Shares issued pursuant to the Tandou Offer will be lower.
2. The voting power of each of Christopher Corrigan and Belfort, each AFF Person and Verolot do not include voting power arising as a result of an association between them as a result of entry into the Bengerang SPA. This is because such association will end upon completion of the Bengerang Acquisition and therefore will not have an ongoing impact. See Section 3.7 for details.
3. Belfort, Peter Joy, entities associated with David Cushing and Eagle Securities Limited hold shares in Tandou. The voting power of these shareholders assumes that Tandou shareholders holding 50.1% of the issued shares in

Tandou accept the Tandou Offer for all of their shares and that these shareholders are included in the Tandou shareholders who have accepted the offer.

5.9. Intentions of the AFF Persons

As can be seen from the table in Section 5.8, the voting power of the AFF Persons will reach 20.53% if the Bengelang Acquisition proceeds. This voting power will however decrease if Webster completes the Tandou Acquisition.

In view of this potential increase in voting power, Webster has sought confirmation from the Robinson Entities regarding their intentions in the event the Bengelang Acquisition proceeds.

This Section sets out the present intentions of the AFF Persons as communicated to Webster. The present intentions of the AFF Persons set out below may change as a consequence of the passage of time or a change in circumstances of Webster or the AFF Persons.

In addition to the Bengelang Acquisition, David Robinson supports the Tandou Offer. Other than that, none of the AFF Persons has any current intentions to:

- change the business of Webster;
- inject further capital into Webster;
- make any change to the future employment of present employees of Webster;
- redeploy the fixed assets of Webster; or
- significantly change the financial or dividend distribution policies of Webster.

6. Risk factors

6.1. Overview

There are a number of factors, both specific to Webster and of a general nature, which may affect the future operating and financial performance of Webster and the outcome of an investment in Webster. There can be no guarantees that Webster will achieve its stated objectives, that forecasts will be met or that forward looking statements will be realised.

This Section 6 describes certain, but not all, risks associated with an investment in Webster.

6.2. Risks associated with the Acquisitions

Shareholders will be exposed to a number of risks arising from implementation of the Acquisitions. These risks include the following:

(a) *Risks overview*

Key business risks include agricultural risks such as climate and seasonal conditions, pest and disease, commodity prices and currency variations. These risks can impact on both crop yield and commodity prices and subsequently earnings. These are risks also faced by Webster in its business.

Other key risks include interest rate movements, access to funding, retention of key management personnel, and government policy intervention, all of which can impact on an entity's ability to carry out its normal business operations in an efficient and cost effective manner. These risks are also faced by Webster in its business.

(b) *Credit risk*

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from receivables from customers. Exposure to credit risk is influenced mainly by the individual characteristics of each customer.

(c) *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the income or the value of Tandou's and Bengerang's holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Tandou enters into derivatives, and also incurs financial liabilities, in order to manage market risks. Bengerang does not enter into derivatives.

(d) *Acquisition risk*

There can be no assurance that Webster will be successful in realising the anticipated benefits and synergies of Tandou's business or Bengerang's business. The ability to realise these benefits will depend in part on whether Webster can efficiently integrate acquired businesses with its existing operations. In addition, there is a risk that Webster will overestimate the value of Tandou and/or Bengerang and therefore overpay. These factors may adversely impact Webster's financial performance.

6.3. Risks associated with the Bengerang Acquisition

Shareholders will be exposed to a number of risks arising from implementation of the Bengerang Acquisition. These risks include the following:

(a) *Completion of outstanding transactions*

Bengerang has entered into a number of contracts to acquire further land and water assets as outlined in Section 3.1. With the exception of the property known as Medgun, these are scheduled to complete prior to completion of the Bengerang Acquisition. The consideration that Webster will

provide the Bengerang Vendors on completion of the Bengerang Acquisition has been agreed on the basis that all of these transactions do complete.

It is a condition precedent to completion of the Bengerang Acquisition that these transactions have either completed or that they remain on foot and Webster is satisfied that they are likely to complete. Therefore, Webster can ensure completion of these assets, except for Medgun, before undertaking the Bengerang Acquisition.

There is a risk that the Medgun acquisition will not complete following completion of the Bengerang Acquisition. This may result in a loss to Webster.

6.4. Risks associated with the Tandou Acquisition

Shareholders will be exposed to a number of risks that Tandou faces in its business as a result of implementation of the Tandou Acquisition. These risks include the following:

(a) *Water market risk*

For Tandou, significant revenue is derived from the trading of water entitlements and allocations. The returns from this segment of the business are difficult to forecast and whilst Tandou is constantly alert to the market, the opportunistic nature of these transactions that can impact future earnings.

(b) *Liquidity risk*

Liquidity risk is the risk that Tandou will not be able to meet its financial obligations as they fall due. Tandou's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Tandou's reputation.

Tandou has a bank overdraft with a limit of \$2.5 million which, as at 31 December 2014, was wholly undrawn and secured bill facilities of \$69.0 million which, as at 31 December 2014, was drawn to \$35.0 million, leaving an undrawn amount of \$34.0 million. The bank overdraft and bank loans are secured by first mortgages over all of Tandou's freehold and leasehold land and by an equitable charge over water entitlements.

It is a review event under these facilities if Webster obtains voting power of more than 50% as a result of the Tandou Acquisition. It is also an event of default under these facilities if Tandou is removed from the official list of ASX. The occurrence of either of these events would entitle the financier to require immediate repayment of the facilities. There can be no guarantee that Webster would be able to refinance these facilities on terms as favourable as the current facilities or at all. Webster may suffer a loss if this was to occur.

(c) *Currency risk*

Tandou is exposed to currency risk on certain sales that are denominated in a currency other than the Australian dollar.

When necessary, Tandou uses forward exchange contracts to hedge its currency risk.

Interest on Tandou's borrowings is denominated in Australian dollars.

(d) *Limited Acceptance Risk*

The Tandou Offer is subject to a 50.1% minimum acceptance condition. If Webster achieves voting power in Tandou prior to the end of the offer period of 90% or more, it will be in a position to undertake compulsory acquisition of all remaining Tandou Shares and Tandou will become a wholly owned subsidiary of Webster.

If this threshold for compulsory acquisition is not achieved but Webster satisfies its minimum acceptance condition of 50.1% of Tandou, Webster will be in a position to determine the financial and operating policies of Tandou and so Tandou will become a subsidiary of Webster. However, the board of Tandou in these circumstances will be obliged to act bona fide in the best interests of

shareholders of Tandou including minority shareholders holding Tandou Shares that Webster has not acquired under the Tandou Offer. Among other things:

- Webster may not be able to ensure that a special resolution of members of Tandou is passed unless its shareholding in Tandou exceeds 75%;
- Webster will not be in a position to include Tandou in a tax consolidated group which may place limitations on the efficient sharing of tax benefits between Webster and Tandou;
- the ability of Webster to realise synergies associated with the Tandou Acquisition may be constrained.

While Webster does not presently intend to do so, it is open to Webster to declare the Tandou Offer free from the 50.1% minimum acceptance condition. If Webster does waive this condition and does not achieve acceptances in respect of 50.1% of the issued Tandou Shares, Tandou will not become a subsidiary of Webster and Webster's ability to determine the financial and operating policies of Tandou may be constrained.

The ability of Webster to influence the affairs of Tandou will depend on, among other things, the extent of acceptances it receives under the Tandou Offer and subsequently, its ability to secure the appointment of its nominees to the board of Tandou and the composition of the remaining share register of Tandou. Webster's ability to realise synergies from the Tandou Acquisition will be further constrained in these circumstances.

6.5. General risks

Shareholders should also note the following general risks that are associated with an investment in a listed entity such as Webster:

(a) Dependence on general economic conditions

Changes in Australian and international economic conditions may adversely affect Webster's financial performance, financial position or prospects, or the value or price of Shares. Amongst other things, these general conditions may impact on the availability of new investment opportunities, the availability, terms and costs of funding and Webster's operating costs.

(b) Share market conditions

There are risks associated with an investment in shares (such as Webster's) that are listed on a stock exchange. Share price movements can affect the value of an investment in Webster. The value of listed shares can be expected to fluctuate depending upon a number of general factors including changes in international and local share markets, changes in the economic conditions, inflation, interest rates, government fiscal, monetary and regulatory policies and investor perceptions. These risk factors are unpredictable and may have implications for the price or value of shares that are unrelated or disproportionate to the operating performance of the listed company.

(c) Governmental or regulatory actions

Webster's operations could be affected by government actions in the countries or jurisdictions in which it has interests. The possible extent of introduction of additional legislation, regulations, standards (including accounting standards), guidelines or amendments to existing legislation that might affect Webster's business is difficult to predict. Any such government action may require increased capital or operating expenditures and could prevent or delay the execution of Webster's plans or have a material adverse effect on Webster's business and financial condition.

(d) Taxation

Webster is and will be subject to taxation and other imposts in Australia and any other jurisdictions in which they operate. Future changes in taxation laws in those jurisdictions, including changes in interpretation or application of existing laws by the courts or taxation authorities in those jurisdictions, may affect the tax liabilities of Webster, or the taxation treatment of holding or disposing of Shares.

(e) *Disputes and litigation*

Disputes or litigation may arise from time to time in the course of Webster's business activities. There is a risk that material or costly disputes or litigation which Webster may become party to or be required to assist with could adversely affect financial performance. Webster will take out insurance to cover certain risks where it appears appropriate to Webster to do so. To the extent that any such claims are not covered by insurance, the costs of responding to the claim and any adverse outcome from any claim may materially adversely affect Webster's financial position.

7. Summary of documents relating to Proposed Acquisitions

7.1. Bengerang Acquisition

(a) *Introduction*

Webster entered into a Share Purchase Agreement with the Bengerang Vendors on 3 March 2015. Under this agreement, the Bengerang Vendors must sell all of the Bengerang Shares to Webster in consideration for the issue of 107,670,120 Shares in Webster.

(b) *Conditions precedent*

Completion of sale is subject to a number of conditions precedent. These conditions include:

- Shareholders approve the Bengerang Resolutions.
- Either the Foreign Investment Review Board approves the Bengerang Acquisition or the Bengerang Acquisition can proceed without such approval.
- There are no legal restraints preventing completion of the Bengerang Acquisition.
- Bengerang completes a recapitalisation by issuing further shares to the Bengerang Vendors (which will also be acquired by Webster under the agreement without any increase to the consideration payable by Webster) in consideration for:
 - the injection of \$5 million in cash to Bengerang;
 - the transfer to Bengerang of additional water entitlements from AFF or an associated entity for \$5 million; and
 - the assumption of liabilities owed by Bengerang in connection with the acquisition of the Darling Farm Assets, the Medgun Assets and other liabilities in an amount of \$40 million.
- Bengerang's financier approves the Bengerang Acquisition.
- Bengerang's key contracts relating to acquisitions of land and water entitlements that are incomplete at the date of this Booklet (being in relation to the Darling Farm Assets and the Medgun Assets) are either completed or remain in full force and Webster is satisfied that such acquisitions will proceed.
- The Bengerang Vendors, Bengerang and Webster agree and enter into an agreement under which Bengerang agrees that it will only exercise its rights to acquire the Medgun Assets as directed by Webster and the Bengerang Vendors agree to assume the obligations of Bengerang to pay the consideration for such assets.
- There is no material adverse change to either Bengerang or Webster or their financial or trading positions or prospects.
- The existing management agreement between Bengerang and AFF is terminated and replaced with the AFF Management Agreement.
- The shareholders agreement relating to Bengerang is terminated.
- Either the Foreign Investment Review Board approves, or issues a notice of no objection to, the acquisition by Bengerang of the Darling Farm Assets and the Medgun Assets or such acquisitions can proceed without such approval.
- The Directors not associated with the Bengerang Vendors do not change their recommendations relating to the Bengerang Resolutions set out in Section 1.4(a) of this Explanatory Memorandum.

- No prescribed occurrence (being any of the events listed below) happens in relation to Webster:
- Webster converts all or any of its securities into a larger or smaller number of securities;
 - Webster reduces, or resolves to reduce, its capital in any way;
 - Webster enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under the Corporations Act;
 - Webster issues securities, or grants an option over or to subscribe for its securities, or agrees to make such an issue or grant such an option other than in respect of the Tandou Acquisition;
 - Webster issues, or agrees to issue, convertible notes or any other security or instrument convertible into shares;
 - Webster issues, or agrees to issue, or grants an option to subscribe for, debentures (as defined in section 9 of the Corporations Act);
 - Webster agrees to pay, declares, pays or makes, or incurs a liability to pay or make, a dividend or any other form of distribution of profits or capital, other than dividends in respect of the half-year ended 31 December 2014 in respect of preference shares in Webster and in respect of the financial year ending 30 June 2015;
 - Webster resolves that it be wound up or an application or order is made for the winding up or dissolution of Webster or any of its material subsidiaries other than where the application or order (as the case may be) is set aside within 14 days;
 - a liquidator or provisional liquidator of Webster or any of its material subsidiaries is appointed;
 - a court makes an order for the winding up of Webster or any of its material subsidiaries;
 - an administrator of Webster or of any of its material subsidiaries is appointed under the Corporations Act;
 - Webster ceases, or threatens to cease, to carry on business;
 - Webster executes a deed of company arrangement;
 - a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Webster or any of its material subsidiaries;
 - Webster is deregistered as a company or otherwise dissolved;
 - Webster is or becomes unable to pay its debts when they fall due.

These conditions must be waived or satisfied prior to 30 June 2015 (or such other date agreed between the parties). If they are not, the sale agreement may be terminated.

(c) *Consideration*

In consideration for the transfer of the Bengerang Shares Webster must issue 107,670,120 Shares in Webster as directed by AFF as representative of the Bengerang Vendors.

(d) *Pre-completion obligations*

Pending completion the Bengerang Vendors must procure that Bengerang conducts its business in the ordinary and usual course consistent with its usual business practices and does not make any significant change to the nature or scale of any activity comprised in the business.

In addition, Bengerang is required to complete the recapitalisation outlined above prior to completion.

(e) *Completion*

Completion of the acquisition will occur on the date 2 business days after the last of the conditions precedent is satisfied or waived. It is currently anticipated that completion will occur on Friday, 8 May 2015.

(f) *Warranties and indemnities*

The agreement includes warranties by the Bengerang Vendors for the benefit of Webster relating to various aspects of the Bengerang Shares, Bengerang, its business and its assets, including title and authority, solvency, shares and capital of Bengerang, the conduct of the business and compliance with law, ownership of the assets, historical financial information and pro forma financial information, contracts, properties, water entitlements, environmental matters, stock, intellectual property rights, business records, group structure, employees, insurance, litigation and disputes, superannuation, taxes and duty and accuracy of information provided to Webster.

The Bengerang Vendors are also required to indemnify Webster for any tax liabilities relating to the period prior to completion that is not provided for in the agreed pro forma balance sheet relating to Bengerang.

The agreement also contains warranties by Webster in favour of the Bengerang Vendors relating to authority, capacity, solvency, the shares and capital of Webster, compliance with laws and compliance with disclosure requirements.

7.2. Management agreement between Webster and AFF

(a) *Introduction*

Under the Bengerang SPA, it is a condition precedent that the existing management agreement between Bengerang and AFF is terminated and a new management agreement is entered into between Webster and AFF in the agreed form.

(b) *Services*

The services to be provided under the management agreement comprise farm design planning, farming services, administration services, and marketing services for Webster cotton properties being the Kooba, Bengerang and Tandou aggregations.

(c) *Management fee*

AFF is entitled to a management fee of \$550,000 (plus GST) per annum. AFF is also entitled to a bonus based on bales of cotton produced in each production year up to a further \$500,000 per annum.

In addition, Webster is required to reimburse AFF for the costs of a full time employee managing the Bengerang farms (at a total cost of \$250,000).

(d) *Term*

The management agreement will terminate on 30 June 2017.

Either party may terminate this agreement earlier if the other party becomes the subject of an insolvency event such as liquidation or the appointment of an administrator or controller.

In the event of a material breach of duties or delegations the contractual arrangements can be terminated by Webster without compensation.

7.3. Tandou Acquisition

(a) *Introduction*

Webster entered into a Merger Implementation Agreement with Tandou on 27 February 2015. Under this agreement, Webster has agreed to make an off-market takeover bid for all of the ordinary shares in Tandou and will offer 1 Share for every 2.25 Tandou Shares on the terms outlined in this Section 7.3.

(b) *Offer Period*

The Offer is required to remain open for a minimum period of one month (unless withdrawn during that period under Section 652B of the Corporations Act).

Webster has agreed that it will not extend the Offer beyond 31 July 2015 other than with the agreement in writing of Tandou and where the Tandou board is comprised at the relevant time of a majority of Webster nominee directors, the non Webster nominee directors must unanimously agree to that extension.

(c) *Offer conditions*

The Offer will be subject to the following conditions:

- **Minimum acceptance condition:** the number of Tandou Shares in which Webster and its associates have a relevant interest at the expiry of the Offer Period is not less than 50.1% of the Tandou Shares then on issue;
- **Webster Shareholder approval:** Webster Shareholders in general meeting pass all resolutions under the Listing Rules necessary to permit Webster to complete the acquisition of all Tandou Shares under the Offer;
- **Foreign investment approval:** either:
 - Webster receives notice from the Treasurer of the Federal Government (or his agent) to the effect that there is no objection under the government's foreign investment policy to Webster acquiring Tandou Shares pursuant to the Offer; or
 - the period provided under the Foreign Acquisitions and Takeovers Act, 1975 (Cth) during which the Treasurer may make an order or interim order under that Act prohibiting the acquisition, lapses without that type of order being made;
- **No breach of Merger Implementation Agreement:** during the period commencing on 27 February 2015 and ending on the expiry of the Offer Period Tandou has not materially breached its business conduct obligations under the Merger Implementation Agreement;
- **No acquisition or disposal of material asset:** except for any proposed transaction publicly announced by Tandou before 27 February 2015 or otherwise agreed under the Merger Implementation Agreement or otherwise in writing with Webster, none of the following events occurs during the period from 27 February 2015 to the end of the Offer Period:
 - Tandou acquires, offers to acquire or agrees to acquire one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount in aggregate greater than \$1,000,000 or makes an announcement in relation to such an acquisition, offer or agreement outside the ordinary course of business; or
 - Tandou or any Controlled Entities completes, enters into, offers to enter into or agrees to enter into any agreement, joint venture, partnership or commitment which:

- would require expenditure, or the foregoing of revenue by Tandou and/or its Controlled Entities of an amount which is, in aggregate, more than \$1,000,000, other than in the ordinary course of business or makes an announcement in relation to such an entry, offer or agreement; or
- results in the book value of all water access licences, entitlements and allocations, both permanent and temporary allocations (including all such licences and allocations issued under the Water Management Act, 2000 (NSW)), falling below \$57.3 million;
- **No change of control:** no person having, or being entitled to have, as a result of any change in control in respect of Tandou, any right to:
 - in respect of a material contract relating to Tandou, terminate or alter any contractual relations between any person and Tandou or any of its Controlled Entities including under any lease granted pursuant to the Western Lands Act, 1901 (NSW) held by Tandou as at 27 February 2015; or
 - require the sale of any securities in Tandou,

exercises that right during the period commencing on 27 February 2015 and ending on the expiry of the Offer Period or notifies Tandou during that period that it intends to exercise that right;

- **No material adverse change:** during the period commencing on 27 February 2015 and ending on the expiry of the Offer Period, no MAC occurs in respect of Tandou. A MAC means a change occurs or is announced that would reasonably be expected to have a material adverse effect on the capital structure, business, financial or trading position, future profitability, condition of assets or liabilities of Webster or Tandou and which:
 - diminishes or could reasonably be expected to diminish the net assets of Webster or Tandou by \$5,000,000 or more;
 - has resulted in or could reasonably be expected to result in Webster or Tandou incurring obligations, liabilities, costs, claims or expenses (contingent or otherwise) where the quantum (whether individually or when aggregated) exceeds \$5,000,000, except in the ordinary course of business;
 - diminishes or could reasonably be expected to diminish the net profit after tax of Webster or Tandou by \$500,000 or more,

but does not include any of the following:

- a matter disclosed in writing by Webster or Tandou to the other including through advisers, agents or employees prior to the execution of the Merger Implementation Agreement;
- a matter which is publicly known (including on public registers of Supreme Courts and Federal Courts, the PPSR and the registers of ASX and ASIC) or announced to ASX, in each case before the execution of the Merger Implementation Agreement;
- any event, occurrence circumstances or matter generally affecting the cotton industry, water rights industry, walnut industry or beef industry;
- changes in general economic conditions, currency exchange rates, securities markets or commodities prices;
- changes occurring as a result of any matter, event or circumstance required by the Merger Implementation Agreement, the Offer or the transactions contemplated by them or otherwise consented to by Webster or Tandou (as relevant); or
- arising as a result of any generally applicable change in accounting standards required by law or government policy in Australia;

- **No litigation:** during the period commencing on 27 February 2015 and ending on the expiry of the Offer Period, no litigation or arbitration proceedings have been or are instituted or threatened against Tandou or a Controlled Entity of Tandou which are material in the context of Tandou's operations as a whole;
- **No regulatory intervention:** during the period commencing on 27 February 2015 and ending on the expiry of the Offer Period, no governmental agency or any other person takes any action to:
 - prohibit, prevent or inhibit the acquisition of, or trading in, Tandou Shares;
 - impose conditions on the Offer which impose unduly onerous obligations upon Webster or would materially adversely affect the business or capital structure of Tandou;
 - require the divestiture by Webster of securities or assets of Tandou or any of its Controlled Entities,

other than an application to or a decision or order of ASIC or the Takeovers Panel for the purpose of or in the exercise of the powers and discretions conferred on it by the Corporations Act;
- **No Prescribed Occurrences:** none of the following happens during the period commencing on 27 February 2015 and ending on the expiry of the Offer Period (each being a separate condition):
 - the shares of Tandou or any of the Controlled Entities of Tandou are converted into a larger or smaller number of shares;
 - Tandou or a Controlled Entity of Tandou resolves to reduce its share capital in any way;
 - Tandou or a Controlled Entity of Tandou enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under sections 257C or 257D of the Corporations Act;
 - Tandou or a Controlled Entity of Tandou makes an issue of or grants an option to subscribe for any of its Securities or agrees to make such an issue or grant such an option;
 - Tandou or a Controlled Entity of Tandou issues or agrees to issue convertible notes;
 - Tandou or a Controlled Entity of Tandou disposes or agrees to dispose of the whole or a substantial part of its business or property;
 - Tandou or a Controlled Entity of Tandou grants or agrees to grant an Encumbrance over the whole or a substantial part of its business or property; or
 - an Insolvency Event occurs with respect to Tandou or a Controlled Entity of Tandou. An Insolvency Event means any one or more of the following events in relation to any person:
 - an application is made to a court for an order, or an order is made, that it be wound up, declared bankrupt or that a provisional liquidator or receiver or receiver and manager be appointed;
 - a liquidator or provisional liquidator is appointed;
 - an administrator is appointed to it under sections 436A, 436B or 436C of the Corporations Act;
 - a controller (as defined in section 9 of the Corporations Act) is appointed to it or any of its assets;

- a receiver is appointed to it or any of its assets;
- it enters into an arrangement or composition with one or more of its creditors, or an assignment for the benefit of one or more of its creditors, in each case other than to carry out a reconstruction or amalgamation while solvent;
- it proposes a winding-up, dissolution or reorganisation, moratorium, deed of company arrangement or other administration involving one or more of its creditors;
- it otherwise proposes, or effects, a winding-up, whether under the terms of a constituent document, the Corporations Act or any other applicable law;
- it is insolvent as disclosed in its accounts or otherwise, states that it is insolvent, is presumed to be insolvent under an applicable law (including under sub-section 459C(2) or section 585 of the Corporations Act) or otherwise is, or states that it is, unable to pay all its debts as and when they become due and payable;
- it is taken to have failed to comply with a bona fide statutory demand as a result of sub-section 459F(1) of the Corporations Act which has not been set aside or withdrawn;
- a notice is issued under sections 601AA or 601AB of the Corporations Act;
- a writ of execution is levied against it or a material part of its property;
- it ceases to carry on business or threatens to do so; or
- anything occurs under the law of any jurisdiction which has a substantially similar effect to any of the events set out in the above paragraphs.

If the conditions are not satisfied before the Offer closes or waived by Webster the Offer will lapse. Webster will make an announcement to the ASX if the conditions are satisfied or waived during the Offer Period.

Webster and Tandou must use reasonable endeavours to ensure that the Offer conditions are satisfied as soon as practicable and that none of the Offer conditions are breached or not satisfied or become incapable of satisfaction.

(d) *Bidder's statement and target's statement*

Webster and Tandou must each provide the each other with all assistance reasonably requested in connection with the preparation of the bidder's statement and target's statement.

Webster and Tandou must use reasonable endeavours to serve the bidder's statement and target's statement in relation to the Offer on each other on 8 April 2015 and to despatch these documents to Tandou shareholders on 15 April 2015 (being a date that is earlier than the date prescribed by Item 6 of Section 633(1) of the Corporations Act).

(e) *Tandou's support*

Under the Merger Implementation Agreement, Tandou represented to Webster that the Tandou directors have passed a unanimous resolution, that:

- they will recommend that Tandou shareholders accept the Offer, subject to the qualification that there is no superior proposal and the independent expert appointed by Tandou concluding that the Offer is reasonable to non associated Tandou shareholders;
- they will not withdraw or change in any way this recommendation unless:

- a superior proposal is received by Tandou and Tandou did not in any way breach its no shop or no talk obligations (see Section 7.3(i) below) in connection with that superior proposal; and
 - they consider, acting in good faith and after taking advice from Tandou's legal or financial advisers on the matter, that their fiduciary or statutory duties require them to do so; or
 - the independent expert appointed by Tandou concludes that the Offer is not reasonable to non associated Tandou shareholders; and
- they will accept, or procure the acceptance of, the Offer in respect of all their Tandou Shares no later than 2 Business Days after the Bengerang Resolutions and the Tandou Resolutions are passed in the absence of a Superior Proposal and subject to the independent expert appointed by Tandou concluding that the Offer is reasonable to non associated Tandou shareholders.

Tandou has agreed to include the recommendation and the intention of the Tandou directors to accept the Offer in its target's statement.

Tandou also represented to Webster that Guy Kingwill has confirmed in writing to the Tandou directors that once Webster achieves a relevant interest in at least 50.1% of Tandou Shares and its Offer is unconditional, he will exercise all options to acquire Tandou Shares that he holds and will accept the Offer in respect of all Tandou Shares issued on exercise of those options.

(f) *Conduct of business*

During the period from 27 February 2015 to the first to occur of the date of termination of the Merger Implementation Agreement, the date on which the Offer closes, the date on which the Offers are withdrawn by Webster in accordance with Section 652B of the Corporations Act and 31 July 2015 (**Exclusivity Period**), each of Webster and Tandou must, except with the prior written consent of the other party or unless they have otherwise announced an intention, act or conduct to the contrary prior to 27 February 2015, conduct its business in the ordinary and usual course consistent with its usual business practices and not make any significant change to the nature or scale of any activity comprised in the business.

(g) *Changes to Tandou board*

Tandou must procure that, as soon as practical upon both Webster having acquired a relevant interest in more than 50% of Tandou's Shares and the Offers becoming unconditional, it appoints nominees of Webster to the Tandou board so that Webster nominees represent a majority of the Tandou board and all but 2 Tandou directors resign, subject to there being a proper board at all times in accordance with Tandou's constitution and applicable laws.

Webster's nominees will not participate in decisions of Tandou relating to the Offer until after the date on which the Offer closes.

Simultaneously with the changes to the Tandou board, Webster must procure the appointment of Rob Woolley or another non-executive director of Tandou nominated by Tandou to the Webster board.

(h) *Warranties*

The Merger Implementation Agreement includes warranties by each of Webster and Tandou in favour of each other relating to its due incorporation, capacity, solvency, compliance with continuous disclosure obligations, knowledge regarding the ability for the Offer conditions to be satisfied or the Tandou Acquisitions to be implemented and accuracy of information provided to each other.

(i) *Exclusivity*

Tandou has agreed that, during the Exclusivity Period, it will not participate in any discussions or negotiations with a third party, provide information to a third party, enter into any agreement, arrangement or understanding with a third party or communicate an intention to do any of those things where such action may reasonably be expected to lead to, a competing proposal to the Tandou

Acquisition or the Tandou Acquisition not being implemented or may reasonably be expected to result in a material detriment to Tandou.

Further, during the Exclusivity Period, Tandou has agreed that it will not solicit or invite enquiries, discussions or proposals which may reasonably be expected to lead to, a competing proposal or communicate an intention to do so.

However, the above restrictions do not prevent Tandou from undertaking any action that would otherwise be prohibited in relation to an actual or reasonably expected to be bona fide competing proposal which was not solicited by it and was not otherwise brought about as a result of any breach by it of its obligations where the Tandou board, acting in good faith, determines after having taken advice from its legal advisers, that not undertaking that act would be likely to involve a breach of the fiduciary duties owed by any Tandou director or would otherwise be unlawful and the competing proposal is more favourable to Tandou shareholders than the Tandou Acquisition, taking into account all the terms and conditions of the competing proposal.

During the Exclusivity Period and subject to Tandou's directors' fiduciary obligations, Tandou is required to notify Webster of any approaches, negotiations and discussions regarding an offer or proposal which may reasonably be expected to lead to, a competing proposal to the Tandou Acquisition or the Tandou Acquisition not being implemented or may reasonably be expected to result in a material detriment to Tandou, provision of information by Tandou to a third party in connection with a competing proposal, or action taken by Tandou in reliance on the carve out to the no shop and no talk obligations discussed above.

(j) *Termination*

The Merger Implementation Agreement automatically terminates when the Exclusivity Period ends.

Either party can terminate the Merger Implementation Agreement earlier if:

- the other party is in material unremedied breach of the agreement;
- a court or regulatory body has taken any action permanently restraining or otherwise prohibiting the Tandou Acquisition;
- a MAC occurs (see Section 7.3(c) above);
- Webster withdraws the Offer without the conditions being fulfilled, satisfied or waived; or
- a break fee is paid.

In addition, Webster can terminate the agreement if:

- during the Exclusivity Period, a competing proposal is recommended, endorsed or otherwise supported by a Tandou director;
- any Tandou director publicly withdraws or changes, or makes any public statement inconsistent with his recommendation, that Tandou shareholders accept the Offer, subject to the qualification that there is no superior proposal and the independent expert appointed by Tandou concluding that the Offer is reasonable to non-associated Tandou shareholders; or
- a person other than Webster and its associates holds 20% or more voting power in Tandou and does not accept the Offer before the termination of the agreement.

Tandou can also terminate the agreement if the Tandou directors withdraw their recommendation:

- in circumstances where:
 - a superior proposal is received by Tandou and Tandou did not in any way breach its no shop or no talk obligations (see Section 7.3(i) above) in connection with that superior proposal; and

- the Tandou directors consider, acting in good faith and after taking advice from Tandou's legal or financial advisers on the matter, that their fiduciary or statutory duties require them to do so; or
 - the independent expert appointed by Tandou concludes that the Offer is not reasonable to non-associated Tandou shareholders; or
- if a bona fide change of control transaction for Webster is announced or occurs.

(k) *Break fee*

If Webster terminates the Merger Implementation Agreement as a result of:

- Tandou's material unremedied breach;
- a Tandou director recommending, endorsing or otherwise supporting a competing proposal during the Exclusivity Period;
- a Tandou director withdrawing or changing, or making any public statement inconsistent with, his recommendation;,,

or Tandou terminates it following Tandou directors withdrawing their recommendation in circumstances where:

- a superior proposal is received by Tandou where Tandou did not in any way breach its no shop or no talk obligations (see Section 7.3(i) above) in connection with that superior proposal; and
- the Tandou directors consider, acting in good faith and after taking advice from Tandou's legal or financial advisers on the matter, that their fiduciary or statutory duties require them to do so; or
- the independent expert appointed by Tandou concludes that the Offer is not reasonable to non associated Tandou shareholders,

and in all instances other than because the independent expert appointed by Tandou concludes that the Offer is not reasonable to non associated Tandou shareholders, Tandou must pay to Webster a break fee equal to the lower of the costs incurred by Webster in relation to the Tandou Acquisition and \$800,000.

Similarly, if Tandou terminates the Merger Implementation Agreement as a result of:

- Webster's material unremedied breach;
- Webster shareholders not passing the Tandou Resolutions (except where the Merger Implementation Agreement has been terminated or another Offer condition cannot be satisfied and Webster has confirmed it will not waive that Offer condition, in each case prior to the date of the Meeting),

then Webster must pay to Tandou a break fee equal to the lower of the costs incurred by Tandou in relation to the Tandou Acquisition and \$800,000.

8. Regulatory information on the Resolutions

8.1. Resolution 1: Change in scale arising from Bengerang Acquisition

Resolution 1 approves the change in the nature and scale of activities of Webster arising from the Bengerang Acquisition as described in this Explanatory Memorandum.

Listing Rule 11.1 provides that if an entity proposes to make a significant change to the nature or scale of its activities, it must provide full details to the ASX as soon as practicable and before making the change. The following rules apply in relation to the proposed change:

- the entity must give ASX information regarding the change and its effect on future potential earnings and any other information that ASX asks for;
- if ASX requires, the entity must get the approval of holders of its ordinary securities and must comply with any requirements of ASX in relation to the notice of meeting; and
- if ASX requires, the entity must meet the requirements in Chapters 1 and 2 of the Listing Rules as if the entity were applying for admission to the official list.

Webster has provided the requested information regarding the Bengerang Acquisition to the ASX. ASX has advised that Webster must obtain Shareholder approval to the Bengerang Acquisition however is not required to re-comply with Chapters 1 and 2 of the Listing Rules.

Accordingly Resolution 1, if approved, operates to satisfy the requirement of Listing Rule 11.1 so as to permit Webster to undertake the Bengerang Acquisition.

Resolution 1 must be passed as an ordinary resolution.

8.2. Resolution 2: Acquisition of Bengerang Shares from Bengerang Vendors

Resolution 2 approves the acquisition of the Bengerang Shares from the Bengerang Vendors.

Listing Rule 10.1 provides that prior approval of shareholders is required for an acquisition by a company of a substantial asset from a related party. An asset is a substantial asset if its value is 5% or more of the equity interests of the company set out in the latest accounts given to ASX under the Listing Rules.

The Bengerang Shares comprise a substantial asset for these purposes. Two of the Bengerang Vendors, Belfort and AFF, are associated with Directors (Christopher Corrigan and David Robinson, respectively) and are accordingly related parties of Webster. As such, Shareholder approval is being sought under Listing Rule 10.1 to permit the acquisition of the Bengerang Shares from Belfort and AFF under Resolution 2.

As required by Listing Rule 10.10, a report on the Bengerang Acquisition from the Independent Expert is enclosed in this Booklet in Part C. The report is also available on Webster's website at [<http://www.websterltd.com.au/corporate/shareholders>].

Resolution 2 must be passed as an ordinary resolution.

8.3. Resolutions 3 - 5: Issue of Shares for Bengerang Acquisition

Resolutions 3 - 5 approves the issue of 107,670,120 Shares as consideration for the Bengerang Acquisition and the acquisition of a relevant interest in those Shares.

Listing Rules 7.1 and 10.11 and sections 208(1)(a) of the Corporations Act are relevant to these Resolutions.

(a) Listing Rule 10.11

Listing Rule 10.11 provides that a company must not issue equity securities to a related party without the approval of holders of ordinary securities. Further, Listing Rule 7.2 (Exception 14) states that

approval pursuant to Listing Rule 7.1 is not required if shareholder approval is obtained under Listing Rule 10.11.

Two of the Bengerang Vendors, Belfort and AFF, are associated with Directors (Christopher Corrigan and David Robinson, respectively) and are accordingly related parties of Webster. As such, Shareholder approval is being sought under Listing Rule 10.11 to permit the issue of Shares under Resolutions 3 and 4 to AFF and Belfort respectively.

The issue of the Shares under Resolutions 3 and 4 will not affect the capacity of Webster to issue securities in the next 12 months under Listing Rule 7.1 as approval is also being sought under Listing Rule 7.1 to the issue of those securities and in any event those securities (once issued) will be excluded from the calculations under Listing Rule 7.1.

As required by Listing Rule 10.13, the following information is provided in relation to Resolutions 3 and 4:

- The related parties that will receive the Shares are Belfort and AFF. The maximum number of Shares to be issued to those related parties are as follows:
 - to Belfort – 17,916,081 Shares; and
 - to AFF – 36,548,806 Shares.
- The Shares will be issued at completion of the Bengerang Acquisition. The date for this is uncertain as it depends on satisfaction of various conditions precedent as outlined in Section 7.1(b). In any event, however, the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- Belfort is a related party of Webster as it is associated with Christopher Corrigan, a Director. AFF is a related party of Webster as it is controlled by David Robinson, a Director.
- The deemed issue price of the Shares is \$1.15 each. The Shares are being issued as consideration for the Bengerang Shares held by Belfort and AFF.
- The Shares to be issued will rank equally in all respects with existing Shares on issue.
- No funds will be raised from the issue of the Shares as they are being issued as consideration for the Bengerang Shares held by Belfort and AFF.

(b) *Section 208(1)(a) of the Corporations Act*

Section 208(1)(a) of the Corporations Act provides that a public company must obtain shareholder approval to give a financial benefit to a related party of the public company unless the giving of the benefit falls within certain exceptions.

Two of the Bengerang Vendors, Belfort and AFF, are related parties of Webster (as discussed above) and the issue of the Shares to them as consideration for the Bengerang Acquisition constitutes the giving of a financial benefit by Webster. Accordingly, the issue of these Shares is required to be approved by Shareholders under this provision.

As required by section 219 of the Corporations Act and ASIC Regulatory Guide 76, the following information is provided in relation to Resolutions 3 and 4:

- The related parties to whom Resolutions 3 and 4 would permit a financial benefit to be given by Webster are Belfort and AFF. These related parties are controlled by Directors (Christopher Corrigan and David Robinson, respectively).
- The financial benefit that would be given is the issue of Shares to (or at the direction of) these related parties in consideration for the acquisition of their Bengerang Shares. The maximum number of Shares to be issued to them (or at their direction) are as follows:
 - Belfort – 17,916,081 Shares; and

- AFF – 36,548,806 Shares.
- Each of the Directors, other than Christopher Corrigan and David Robinson (who are not entitled to vote on these Resolutions), recommend that Shareholders vote in favour of Resolutions 3 and 4. See Section 1.4(a) for more details.
- Both Christopher Corrigan and David Robinson have an interest in the outcome of Resolutions 3 and 4. If these Resolutions (and all other Bengerang Resolutions) are passed, Shares will be issued to Belfort and AFF (being entities in which they have an economic interest) in consideration for Webster acquiring the Bengerang Shares of those entities. No other Director has an interest in the outcome of Resolutions 3 and 4.
- Webster has engaged the Independent Expert to opine on the Bengerang Acquisition. The Independent Expert has concluded that the Bengerang Acquisition is fair and reasonable to Shareholders not associated with the Bengerang Vendors. A copy of the Independent Expert's Report is set out in Part C of this Booklet.
- The Independent Expert's Report contains a valuation of the financial benefit to be given to Belfort and AFF as well as a valuation of the Bengerang Shares to be acquired from them under the Bengerang Acquisition. A copy of the Independent Expert's Report is set out in Part C of this Booklet.
- Belfort currently has a relevant interest in 23,838,637 Shares. If the Bengerang Acquisition is completed, Belfort will be issued up to 17,916,081 Shares. AFF currently has a relevant interest in 17,483,093 Shares. If the Bengerang Acquisition is completed, AFF will be issued up to 36,548,806 Shares. Belfort and AFF may direct that the Shares be issued to other non-related parties in which circumstances the number of Shares actually issued to Belfort and AFF under the Bengerang Acquisition will reduce. See Section 5.8 for further details on the impact of the Proposed Acquisitions on control of Webster.
- The pro forma capital structure of Webster on completion of the Proposed Acquisitions (which illustrates the dilution effect of each of the Proposed Acquisitions on the interests of existing Shareholders) is set out in Section 5.7.
- Other information that is relevant to the Resolutions and known to Webster or any of its Directors is set out elsewhere in this Explanatory Memorandum.

(c) *Listing Rule 7.1*

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company during the previous 12 months (without approval and which were not subject to an exception), exceed 15% of the number of shares on issue at the commencement of that 12 month period.

Listing Rule 7.1 provides that where a company approves an issue of securities, the company's 15% capacity will be replenished and the company will be able to issue further securities up to that limit.

Resolution 5 seeks the approval of the issue of Shares to Verolot and the New Investors or as they may direct under the Bengerang Acquisition for the purpose of satisfying the requirements of Listing Rule 7.1. If Resolution 5 is approved, the Shares issued under the Bengerang Acquisition will not be included in Webster's 15% calculation for the purposes of Listing Rule 7.1.

Technically, approval is not required for the purposes of Listing Rule 7.1 for part of those Shares, being those Shares to be issued to Belfort and AFF, as approval is also being sought to the issue of those Shares for the purposes of Listing Rule 10.11.

As required by Listing Rule 7.3, the following information is provided in relation to Resolution 5:

- The maximum number of Shares that are intended to be issued by Webster pursuant to Resolution 5 is 53,205,233.

- The Shares will be issued at completion of the Bengerang Acquisition. The date for this is uncertain as it depends on satisfaction of various conditions precedent as outlined in Section 7.1(b). In any event, however, the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- The deemed issue price of the Shares is \$1.15 each. The Shares are being issued as part consideration for the Bengerang Shares held by the Bengerang Vendors.
- The Shares will be issued to such persons as specified by AFF as representative of the Bengerang Vendors in writing no less than 2 Business Days prior to completion of the Bengerang Acquisition. If no such direction is given, the Shares the subject of Resolution 5 will be issued as follows:
 - Verolot – 18,916,081 Shares;
 - Eagle Securities Limited – 3,854,369 Shares;
 - Kaplan Equity Limited – 30,434,783 Shares.
- The Shares to be issued will rank equally in all respects with existing Shares on issue.
- No funds will be raised from the issue of the Shares as they are being issued as consideration for the Bengerang Shares held by the Bengerang Vendors.

Resolutions 3, 4 and 5 must be passed as ordinary resolutions.

8.4. Acquisition of relevant interests by AFF Persons

Resolution 6 approves the acquisition by the AFF Persons of a relevant interest in 36,548,806 Shares on completion of the Bengerang Acquisition. This represents the Shares to be issued to AFF on such completion.

Except as provided by Chapter 6 of the Corporations Act, section 606(1) of the Corporations Act prohibits a person from acquiring a relevant interest in issued voting shares in a company through a transaction in relation to securities entered into or on behalf of the person if, after the acquisition, that person or any other person would have a relevant interest or voting power in excess of 20% of the issued voting shares in that company.

Item 7 of section 611 of the Corporations Act provides that section 606(1) of the Corporations Act does not apply to an acquisition of a relevant interest in the issued voting shares in a company if the acquisition has been approved by a resolution passed at a general meeting of the company at which no votes are cast in favour of the resolution by the person proposing to make the acquisition or the person (if any) from whom the acquisition is to be made or by any if their respective associates.

Under section 610 of the Corporations Act, a person's voting power in Webster is determined by the percentage of the total voting shares in Webster held by the person and the person's associates in relation to Webster.

Currently each AFF Person's voting power in Webster is 35.13%, representing 54,621,511 Shares. These Shares equal the aggregate number of Shares held by all AFF Persons. As disclosed in the AFF Persons' 'Notice of change of interests of in substantial shareholder' dated 5 March 2015, these Shares are held among the AFF Persons as follows: AFF (14,563,107 Shares), Tasman Super Pty Ltd (ACN 131 280 899) as trustee for Robinson Family Superfund (1,946,613 Shares), David Robinson Investments Pty Ltd (ACN 010 012 076) as trustee for David Robinson Farming Trust (485,437 Shares), Biskra Pty Ltd (ACN 072 174 273) (242,718 Shares), Dr David William Robinson (2,500 Shares) and David Edward Robinson (242,718 Shares).

The AFF Persons are associated with each other in relation to Webster. As such, each AFF Person's voting power in Webster is determined by the aggregate number of Shares held by all AFF Persons as a percentage of all issued Shares.

If Resolution 6 is approved, AFF will on completion of the Bengerang Acquisition be issued, and therefore acquire a relevant interest in, 36,548,806 Shares. Each of the other AFF Persons will or might acquire a deemed relevant interest in those 36,548,806 Shares under section 608(3) of the Corporations Act, by reason of: their respective shareholdings in AFF and the shareholder arrangements in relation to AFF, and/or their relationship with one or more AFF shareholders. For the purposes of Resolution 4 and all other relevant purposes, it will be assumed that each AFF Person will acquire a deemed relevant interest in the 36,548,806 Shares and thus, upon the issue of those Shares to AFF at completion of the Bengerang Acquisition, each AFF Person's voting power will increase by reference to 36,548,806 Shares. In any event, each AFF Person's voting power will increase by reference to 36,648,806 Shares as the AFF Persons are associated with each other in relation to Webster.

Putting aside the voting power which each AFF Person has as a result of an association between the Bengerang Vendors as a result of entry into the Bengerang SPA (see Section 3.7 for details), the issue of 36,648,806 Shares to AFF on completion of the Bengerang Acquisition will result in each AFF Person's voting power in Webster increasing from 11.25% to 20.53%. This represents the maximum extent of the increase in voting power of each AFF Person as measured immediately after completion of the Bengerang Acquisition. (The voting power arising from the association between the Bengerang Vendors has not been counted here because such association will end upon completion of the Bengerang Acquisition and therefore will not have an ongoing impact.)

Accordingly, Webster is seeking the approval of Shareholders under item 7 of section 611 of the Corporations Act for the purposes of Chapter 6 of the Corporations Act to the acquisition by the AFF Persons of a relevant interest in 36,548,806 Shares.

As required by ASIC Regulatory Guide 74, the following additional information is provided in relation to Resolution 4:

- The reasons for the Bengerang Acquisition are set out in Section 2.
- The acquisition will occur at completion of the Bengerang Acquisition. The date for this is uncertain as it depends on satisfaction of various conditions precedent as outlined in Section 7.1(b). In any event, however, the acquisition will occur no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- The material terms of the proposed acquisition are set out in Section 7.1.
- Other than the AFF Management Agreement there are no relevant agreements between Webster and Bengerang or any AFF Person (or any of their respective associates) that are conditional on Shareholder approval of the Bengerang Acquisition.
- The intentions of the AFF Persons regarding the future of Webster and its financial and dividend distribution policies are set out in Section 5.9.
- Christopher Corrigan has a relevant interest in the Bengerang Shares held by Belfort to be acquired by Webster under the Bengerang Acquisition and will have a relevant interest in the Shares issued to Belfort as consideration for those Bengerang Shares. David Robinson (by reason of being the majority shareholder of AFF which, in turn, owns Bengerang Shares) has a relevant interest in the Bengerang Shares held by AFF to be acquired by Webster under the Bengerang Acquisition and will have a relevant interest in the Shares issued to AFF (by reason of being the majority shareholder of AFF) as consideration for those Bengerang Shares. As a result of his interest in AFF, David Robinson also has an interest in the management agreement referred to in Section 7.2. Other than that, no Director has any interest in the Bengerang Acquisition.
- It is not intended that any new persons will be appointed as Directors in connection with the Bengerang Acquisition if Shareholders approve it.
- Webster has engaged the Independent Expert to opine on the acquisition. The Independent Expert has concluded that the acquisition is fair and reasonable to Shareholders not associated with the AFF Persons. A copy of the Independent Expert's Report is set out in Part C of this Booklet.

- Resolution 6 must be passed as an ordinary resolution.

8.5. Resolution 7: Approval of AFF Management Agreement

Section 208(1)(a) of the Corporations Act provides that a public company must obtain shareholder approval to give a financial benefit to a related party of the public company unless the giving of the benefit falls within certain exceptions.

AFF is a related party of Webster (as discussed above) and the entry into the AFF Management Agreement with Webster (summarised in Section 7.2) constitutes the giving of a financial benefit by Webster. Accordingly, entry into the AFF Management Agreement is required to be approved by Shareholders under this provision.

As required by section 219 of the Corporations Act and ASIC Regulatory Guide 76, the following information is provided in relation to Resolution 7:

- The related party to whom Resolution 7 would permit a financial benefit to be given by Webster is AFF. This related party is majority-owned by Director David Robinson.
- The financial benefit that would be given is the entry into the AFF Management Agreement with Webster on the terms summarised in Section 7.2. The AFF Management Agreement would replace agreements currently in place with respect to management services provided by AFF to both Webster, in respect of the Kooba assets acquired in December 2014, and Bengelang.
- Under the terms of the AFF Management Agreement, AFF is entitled to a management fee of \$550,000 (plus GST) per annum. AFF is also entitled to a bonus based on bales of cotton produced in each production year up to a further \$500,000 per annum. In addition, Webster is required to reimburse AFF for the costs of a full time employee managing the Bengelang farms (at a total cost of \$250,000). Unless terminated earlier, the AFF Management Agreement will terminate on 30 June 2017.
- Each of the Directors, other than David Robinson (who is not entitled to vote on this Resolution), recommends that Shareholders vote in favour of Resolution 7. See Section 2.7) for more details.
- David Robinson has an interest in the outcome of Resolution 7. If the Resolution (and all other Bengelang Resolutions) are passed, AFF (being an entity in which he has an economic interest) will enter into the AFF Management Agreement with Webster and be entitled to receive the management fees disclosed above in consideration for management services. No other Director has an interest in the outcome of Resolution 7.
- Bengelang is currently managed by AFF. Over three decades the principals of AFF have shown themselves to be among the best of row crop and particularly cotton, managers in Australia. Webster considers AFF's knowledge and experience, particularly knowledge and experience garnered in its current management roles, make it best placed to provide management services going forward. Webster considers AFF's management experience as integral to the integration and development of its acquired operations. For these reasons, Webster has not sought to engage an unrelated entity to provide management services.
- Webster would need to identify and engage a new manager if Resolution 7 is not approved. Webster has identified the following material economic and commercial costs that it would incur in these circumstances:
 - economical costs associated with identifying a new manager would include costs associated with undertaking due diligence on potential managers to ensure they have suitable experience, legal costs associated with negotiating a management agreement;
 - commercial costs will include costs associated with the time and resources redirected toward identifying an alternative manager. Webster expects that this would negatively impact the integration and development of its acquired operations;

- If Resolution 7 is not passed, and the condition precedent to enter into the AFF Management Agreement is not waived, the Bengerang Acquisition will not proceed. See Section 2.9 for details of the implications of the Bengerang Acquisition not proceeding.

Other information that is relevant to the Resolution and known to Webster or any of its Directors is set out elsewhere in this Explanatory Memorandum.

Resolution 7 must be passed as an ordinary resolution.

8.6. Resolution 8: Acquisition of Tandou Shares from Cushing Entities

Resolution 8 approves the acquisition of Tandou Shares from the Cushing Entities as part of the Tandou Acquisition.

Listing Rule 10.1 provides that prior approval of shareholders is required for an acquisition by a company of a substantial asset from a related party. An asset is a substantial asset if its value is 5% or more of the equity interests of the company set out in the latest accounts given to ASX under the Listing Rules.

The Cushing Entities are controlled by David Cushing, a Director of Webster. They hold 19,829,870 Tandou Shares, representing 10.07% of the current issued capital of Tandou. These Tandou Shares comprise a substantial asset for the purposes of Listing Rule 10.1. As such, Shareholder approval is being sought under Listing Rule 10.1 to permit the acquisition of the Tandou Shares from the Cushing Entities under Resolution 8.

As required by Listing Rule 10.10, a report on the acquisition of the Tandou Shares from the Cushing Entities as part of the Tandou Acquisition from the Independent Expert is enclosed in this Booklet in Part C. The report is also available on Webster's website at [\[http://www.websterltd.com.au/corporate/shareholders\]](http://www.websterltd.com.au/corporate/shareholders).

Resolution 8 must be passed as an ordinary resolution.

8.7. Resolution 9: Acquisition of Tandou Shares from Peter Joy

Resolution 9 approves the acquisition of Tandou Shares from Peter Joy as part of the Tandou Acquisition.

Listing Rule 10.1 provides that prior approval of shareholders is required for an acquisition by a company of a substantial asset from a substantial holder with a relevant interest of 10% or more in the company. An asset is a substantial asset if its value is 5% or more of the equity interests of the company set out in the latest accounts given to ASX under the Listing Rules.

Peter Joy holds 17,731,039 Shares, representing 11.41% of the current issued capital of Webster. He also holds 15,086,362 Tandou Shares, representing 7.7% of the current issued capital of Tandou. These Tandou Shares comprise a substantial asset for the purposes of Listing Rule 10.1. As such, Shareholder approval is being sought under Listing Rule 10.1 to permit the acquisition of the Tandou Shares from Peter Joy under Resolution 9.

As required by Listing Rule 10.10, a report on the acquisition of the Tandou Shares from Peter Joy as part of the Tandou Acquisition from the Independent Expert is enclosed in this Booklet in Part C. The report is also available on Webster's website at [\[http://www.websterltd.com.au/corporate/shareholders\]](http://www.websterltd.com.au/corporate/shareholders).

Resolution 9 must be passed as an ordinary resolution.

8.8. Resolution 10: Ratification of AFF Placement

Resolution 10 ratifies the AFF Placement.

Under Listing Rule 7.4, an issue of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if shareholders subsequently approve it.

The purpose of Resolution 10 is to seek Shareholder approval under Listing Rule 7.4 for the issue of Shares to AFF completed on 17 December 2014 so that these Shares are treated as issued with approval for the purpose of Listing Rule 7.1 and accordingly do not reduce Webster's capacity to issue further Shares without approval of Shareholders under that Listing Rule.

As required by Listing Rule 7.5, the following information is provided in relation to Resolution 10 in respect of the placement of 17,475,728 Shares to AFF undertaken by Webster at an issue price of \$1.03 per Share on 17 December 2014:

- The number of Shares issued was 17,475,728 Shares.
- These Shares were issued at \$1.03 per Share.
- The Shares issued were fully paid ordinary shares in Webster on the same terms as other Shares.
- The Shares were issued to AFF.
- Funds raised from the issue were applied towards the consideration payable for the acquisition of the AgReserves Australia Limited assets completed by Webster on 17 December 2014.

Resolution 10 must be passed as an ordinary resolution.

9. Additional information

9.1. Introduction

This Section includes additional information that Webster considers is material to the decision on how to vote on the Resolutions to be considered at the Meeting.

9.2. Voting exclusion statements

Webster will disregard any votes cast on:

- Resolution 1 by persons who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares if Resolution 1 is passed, being the Bengerang Vendors and the New Investors and an associate of those persons;
- Resolution 2 by the Bengerang Vendors and the New Investors and an associate of those persons;
- Resolution 3 by AFF and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares if Resolution 3 is passed and an associate of those persons;
- Resolution 4 by Belfort and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares if Resolution 4 is passed and an associate of those persons;
- Resolution 5 by Verolot and the New Investors and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares if Resolution 5 is passed and an associate of those persons;
- Resolution 6 by any AFF Person and any of their respective associates where the vote is cast in favour of Resolution 6;
- Resolution 7 by AFF and any of its associates;
- Resolution 8 by the Cushing Entities and any associate of those persons;
- Resolution 9 by Peter Joy and any of his associates; and
- Resolution 10 by AFF and any of its associates.

However, Webster will not disregard a vote on any Resolution (other than Resolution 6) if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

9.3. ASX ruling

The ASX has advised Webster that it does not need to seek Shareholder approval to the Tandou Acquisition pursuant to Listing Rule 11.1.2.

9.4. Independent advice

Shareholders should consult their legal, financial, taxation or other professional adviser if they have any queries regarding the Proposed Acquisitions, the ratification of the AFF Placement or any other aspects of this Booklet.

9.5. Company is a disclosing entity

As a company listed on the ASX and a "disclosing entity" under the Corporations Act, Webster is subject to regular reporting and disclosure obligations which require it to announce price sensitive

information as soon as it becomes aware of that information. Webster's most recent announcements are available from ASX's website. Further announcements concerning Webster will continue to be made available on ASX's website after the date of this Booklet.

Webster is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Webster may be obtained, or inspected at, ASIC offices.

10. Glossary

The following terms used in this Booklet (including the Notice of Meeting included with this Booklet) have the meanings given to them below, unless the context otherwise requires.

| | |
|--------------------------|---|
| Acquisition | the Bengerang Acquisition and the Tandou Acquisition |
| AFF | Australian Food & Fibre Limited (ACN 077 983 370) |
| AFF Persons | AFF, the subsidiaries of AFF from time to time, Dr David William Robinson, David Edward Robinson, Tasman Super Pty Ltd (ACN 131 280 899) as trustee for Robinson Family Superfund, David Robinson Investments Pty Ltd (ACN 010 012 076) as trustee for David Robinson Farming Trust, David Robinson Investments Pty Ltd (ACN 010 012 076), Biskra Pty Ltd (ACN 072 174 273), Denise Katherine Robinson, Michael William Lanigan, Dr John Humphrey Morris, Josephine Anne Morris, Pamela Iris Lanigan, M Lanigan Superannuation Pty. Ltd. (ACN 078 992 051), Fabinshire Pty Ltd (ACN 010 475 573), Timothy Loughnan Robinson, Samantha Katherine Taylor, Christopher Mark Taylor, John Joseph Robinson, Kate Mary Robinson, Sarah Robinson and Varis Pty Limited as trustee for Ornelli Superfund, and a reference to an 'AFF Person' is to any of the foregoing persons. |
| AFF Management Agreement | the proposed management agreement between Webster and AFF in the form annexed to the Bengerang SPA summarised in Section 7.2. |
| AFF Placement | the placement of 17,475,728 Shares to AFF undertaken by Webster at an issue price of \$1.03 per Share on 17 December 2014 |
| ASIC | Australian Securities & Investment Commission |
| ASX | ASX Limited (ACN 008 624 691) or, as the context requires, the financial market conducted by it |
| Belfort | Belfort Investment Advisers Limited |
| Bengerang | Bengerang Limited (ACN 127 984 123) |
| Bengerang Acquisition | the acquisition of the Bengerang Shares described in Section 7.1. |
| Bengerang Resolutions | Resolutions 1 to 7 |
| Bengerang Shares | fully paid ordinary shares in Bengerang |
| Bengerang SPA | the share purchase agreement between Webster and the Bengerang Vendors dated 3 March 2015. |
| Bengerang Vendors | Belfort, AFF and Verolot |
| Booklet | this Booklet comprising the Notice of Meeting, the Explanatory Memorandum and the Independent Expert's Report |
| Business Day | Monday to Friday, inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day |
| Company | Webster |
| Constitution | the constitution of Webster |
| Controlled Entity | an entity under the control (as defined in section 50AA of the Corporations Act) of another entity |

| | |
|-----------------------------|--|
| Corporations Act | <i>Corporations Act 2001 (Cth)</i> |
| Cushing Entities | Rel-Trust Management Limited and Ashfield Farm Limited |
| Darling Farm Assets | The property and associated water rights relating to the properties known as “Darling Farms”, “Fort Bourke” and parts of “Allambie” situated in Northern NSW to be acquired by Bengenang |
| Director | a director of Webster |
| Explanatory Memorandum | this explanatory memorandum |
| Independent Expert | Pitcher Partners Corporate Finance Pty Ltd (ACN 082 239 869) |
| Independent Expert’s Report | the report provided by the Independent Expert accompanying this Booklet in Part C |
| Listing Rules | the listing rules of ASX |
| Medgun Assets | the property and water rights associated with a property known as “Medgun” at Garah, New South Wales which Bengenang proposes to acquire |
| Meeting | the meeting of Shareholders being convened by the Directors pursuant to the Notice of Meeting |
| New Investors | Eagle Securities Limited and Kaplan Equity Limited |
| Non-Associated Shareholders | Shareholders other than the Bengenang Vendors and their associates |
| Notice of Meeting | the notice of meeting set out in this Booklet |
| Offer | the offer to be made by Webster to Tandou shareholders for their Tandou Shares under the Tandou Offer |
| Offer Period | the period starting on the date on which the first of the Offers is made and ending on the date on which the Offer closes |
| Proposed Acquisitions | the Bengenang Acquisition and the Tandou Acquisition |
| Ratification Resolution | Resolution 10 |
| Registry | Computershare Investor Services Pty Limited (ACN 078 279 277) |
| Resolutions | the resolutions set out in the Notice of Meeting |
| Section | a section of the Explanatory Memorandum |
| Share | a fully paid ordinary share in the capital of Webster |
| Shareholder | a registered holder of Shares |
| Tandou | Tandou Ltd (ACN 001 014 562) |
| Tandou Acquisition | the acquisition of Tandou Shares pursuant to the Tandou Offer |
| Tandou Offer | the off-market takeover bid by Webster to acquire all the Tandou Shares as described in Section 7.3 |
| Tandou Resolutions | Resolutions 8 and 9 |
| Tandou Shares | fully paid ordinary shares in Tandou |
| Verolot | Verolot Limited |
| Webster | Webster Limited (ACN 009 476 000) |

Part C: Independent Expert's Report



Webster Limited

March 2015

Independent Expert Report





PITCHER PARTNERS

C O R P O R A T E P T Y L T D

Level 19
15 William Street
Melbourne
Victoria 3000

Postal Address:
GPO Box 5193
Melbourne Vic 3001
Australia

ACN 082 323 868
AFS LICENCE NO. 229841

Tel: +61 3 8610 5000
Fax: +61 3 8610 5999

www.pitcher.com.au
partners@pitcher.com.au

Ref: PM:pm

27 March 2015

PRIVATE AND CONFIDENTIAL

The Independent Directors
Webster Limited
349 Forth Road
FORTH TAS 7310

Dear Sirs

INDEPENDENT EXPERT REPORT

INTRODUCTION

On 27 February 2015 Webster Limited (Webster) announced that:

- it proposed to acquire 100% of the shares in Bengenang Limited (Bengerang) via an issue of ordinary shares in Webster (the First Proposed Transaction); and
- it had entered into a merger implementation agreement (MIA) with Tandou Limited (Tandou) under which Webster has agreed to make a takeover bid for all the ordinary shares in Tandou and will offer one ordinary share in Webster for each 2.25 fully paid ordinary shares in Tandou (the Second Proposed Transaction).

The specific details of the First Proposed Transaction are as follows:

- Webster to acquire 100% of the shares in Bengenang currently held by the following shareholders:
 - Australian Food & Fibre Limited (AFF) – 27,540,000 shares (50.50%)
 - Verolot Limited (Verolot) – 13,500,000 shares (24.75%); and
 - Belfort Investment Advisors Limited (BIA) – 13,500,000 shares (24.75%).
- The consideration is to comprise 107,670,120 ordinary shares in Webster.

In respect of the First Proposed Transaction we understand that:

- AFF is a substantial shareholder of Webster. AFF and its associates (other than other vendors of Bengenang shares) currently hold 17,483,093 shares in Webster or a relevant interest of approximately 11.2%. AFF is also a shareholder of Bengenang. The First Proposed Transaction may result in the interest of AFF and its associates in Webster increasing to 20.5%;
- Mr David Robinson, a director of Webster, is also a director of Bengenang. Mr Robinson is a shareholder of AFF;

- Verolot is a substantial shareholder of Webster with a relevant interest of 8.6% and is also a shareholder of Bengerang; and
- Mr Chris Corrigan is a director of Webster and an associate of BIA. BIA is a substantial shareholder of Webster with a relevant interest of approximately 15.3% and is also a shareholder of Bengerang.

In view of the relationship between the vendors of Bengerang and Webster, the First Proposed Transaction requires an independent expert report pursuant to the Australian Securities Exchange Limited (ASX) Listing Rule 10.1 and Section 611 item 7 of the Corporations Act 2001 (Section 611).

In respect of the Second Proposed Transaction, we understand that entities associated with Mr David Cushing, a director of Webster, hold approximately 7.4% of Webster and hold approximately 10.07% of the shares in Tandou on a fully diluted basis (the Cushing Interest). Mr Peter Joy is also a substantial shareholder in Webster with an interest of approximately 11.24%. Mr Joy also holds 7.7% of the shares in Tandou (the Joy Interest).

The value of the Cushing Interest and the Joy Interest represents a substantial asset for the purpose of ASX Listing Rule 10.1. Accordingly the Second Proposed Transaction also requires an independent expert report pursuant to ASX Listing Rule 10.1 advising whether the acquisition of the Cushing Interest and the Joy Interest is fair and reasonable to the non-associated shareholders of Webster.

The First Proposed Transaction and the Second Proposed Transaction are not interconditional.

Pitcher Partners Corporate Pty Ltd (Pitcher Partners Corporate) has been engaged by the Independent Directors of Webster to provide an independent expert report providing our opinion as to whether:

- the First Proposed Transaction is considered fair and reasonable to the non-associated shareholders of Webster (Shareholders), whether or not the Second Proposed Transaction proceeds; and
- whether the acquisition of the Cushing Interest and the Joy Interest is fair and reasonable to the non-associated Shareholders.

PURPOSE OF REPORT

As stated above, the independent expert report is required pursuant to ASX Listing Rule 10.1 and Section 611 in order to assist the non-associated Shareholders of Webster in their decision as to whether to accept or reject the First Proposed Transaction. Further, the independent expert report is required pursuant to ASX Listing Rule 10.1 in order to assist the non-associated Shareholders of Webster in their decision as to whether to accept or reject the acquisition of the Cushing Interest and the Joy Interest.

The report is to be included in the Notice of Meeting to be sent to Shareholders and has been prepared for the exclusive purpose of assisting the non-associated Shareholders in their consideration of the proposed transactions. The report should not be quoted or referred to or utilised for any other purpose unless written consent has been provided by Pitcher Partners Corporate.

SOURCES OF INFORMATION

Appendix 2 to this report sets out details of information referred to and relied upon by Pitcher Partners Corporate during the course of preparing this report and forming our opinion.

SUMMARY OPINION

In determining whether the First Proposed Transaction is fair, we compared the value of the shares in Bengerang to the value of the consideration, being the shares issued in Webster assuming the Second Proposed Transaction did/did not proceed. In addition we compared the value of a Webster share pre the First Proposed Transaction to that Post the First Proposed Transaction.

The value of Bengerang, Webster and Tandou was derived utilising an asset based methodology on a going concern basis. In addition we had regard to the implied equity value of Webster from recent transactions. Our selection of methodology and valuation are set out in Sections 6 and 7 respectively.

Our assessment of fairness, adopting each of the above methodologies, is summarised in the tables below:

Assessment of Fairness – ASX Listing Rule 10.1

| | Low | High |
|--|--------|--------|
| Equity Value of Bengerang | \$1.29 | \$1.29 |
| Proposed Consideration – excluding Second Proposed Transaction | \$1.21 | \$1.38 |
| Proposed Consideration – including Second Proposed Transaction | \$1.31 | \$1.46 |

Assessment of Fairness – Section 611

| | Low | High |
|--|-------------|-------------|
| Pre First Proposed Transaction & Pre Second Proposed Transaction | | |
| Equity Value of Webster (\$'000) | 160,127 | 181,892 |
| Number of Shares | 155,463,093 | 155,463,093 |
| Webster Share Value | \$1.03 | \$1.17 |
| Pre First Proposed Transaction & Post Second Proposed Transaction | | |
| Equity Value of Webster (\$'000) | 220,437 | 302,272 |
| Number of Shares | 199,356,395 | 243,074,475 |
| Webster Share Value | \$1.11 | \$1.24 |
| Post the First Proposed Transaction & Pre Second Proposed Transaction | | |
| Equity Value of Webster (\$'000) | 277,803 | 299,568 |
| Number of Shares | 263,133,213 | 263,133,213 |
| Webster Share Value | \$1.06 | \$1.14 |
| Post First Proposed Transaction & Post Second Proposed Transaction | | |
| Equity Value of Webster (\$'000) | 398,183 | 419,948 |
| Number of Shares | 307,026,515 | 350,744,595 |
| Webster Share Value | \$1.10 | \$1.20 |

In our opinion, having regard to the above analysis, on balance the First Proposed Transaction is **fair** to the non-associated Shareholders of Webster. In arriving at this opinion we had regard to the following:

- the value of the equity in Bengerang is greater than or within the value range ascribed to the consideration assuming the Second Proposed Transaction does not proceed; and
- the value of the equity in Webster post the First Proposed Transaction is in each scenario higher than or within the value range of a Webster share pre the First Proposed Transaction.

Whilst the consideration being offered for the shares in Bengerang, assuming the Second Proposed Transaction proceeds, is higher than the value of the equity in Bengerang, we are cognisant that the value of Bengerang has been determined on an as is basis and does not reflect the benefits that it is expected to bring to Webster by consolidating the Bengerang operations with that of Webster and possibly Tandou. On balance therefore, for the factors discussed above, we consider the First Proposed Transaction to be fair.

In our opinion the consideration offered to acquire the Cushing Interest and the Joy Interest is also **fair** to the non-associated Shareholders. In determining whether the acquisition of the Cushing Interest and the Joy Interest is fair, we compared the value of the Cushing Interest and the Joy Interest to the value of the consideration, being the shares in Webster as detailed in the table below:

Assessment of Fairness – ASX Listing Rule 10.1

| | Low \$'000 | High \$'000 |
|--|------------|-------------|
| Value of the Cushing Interest and the Joy Interest | 21,299 | 21,299 |
| Value of Consideration: | | |
| - Assuming only Second Proposed Transaction proceeds | 15,518 | 15,518 |
| - Assuming First Proposed Transaction and Second Proposed Transaction proceeds | 17,070 | 18,622 |

We have also considered whether the First Proposed Transaction and the acquisition of the Cushing Interest and the Joy Interest is reasonable. In making this assessment we had regard to the following:

- The First Proposed Transaction and the acquisition of the Cushing Interest and Joy Interest is fair to the non-associated shareholders and therefore also considered reasonable.
- The acquisitions of Bengorang and Tandou will complement the \$123 million purchase of the Kooba aggregation properties. This will provide Webster with properties suitably located geographically to manage its cropping operations.
- The three transactions together (Kooba aggregation, Bengorang and Tandou) will result in Webster becoming one of Australia's larger cotton and irrigated cropping companies.
- The new properties will give Webster capacity for substantial growth in annual row cropping into the future. The properties further support the walnut orchard expansion. With such land holdings under its management, other high value horticulture crops may be considered by Webster.
- The sourcing and efficient management of water is a key ingredient for future success of both the walnut and cotton businesses. Webster already has substantial water assets and this asset base grows with these intended transactions. Tandou is one of the best water traders in the industry. The combination of Webster, Bengorang and Tandou solidifies the experience and knowledge bank in this area and positions Webster to manage its water requirements and land portfolio to maximise opportunities. Further the large properties will enable Webster to capture its own water through rainfall events.
- The transactions bring a mix of general and higher security water entitlements. As it develops its properties, the company has the flexibility to stream higher security water to its orchard estates and grow its cotton and annual cropping with a mix of lower security water entitlements.
- On completion of the proposed transactions, Webster will have a significantly larger market capitalisation and lower gearing (approximately 30%).
- The increase in size of the shareholder base should assist with liquidity in the company's shares.
- The costs associated with the management and administration of two listed companies will be subsumed into the one entity, which should reduce the overall corporate overhead costs.
- There is a risk that, if there is no water, the company will have large land holdings, but an inability to generate income either through crops or the trading of water. This will expose Webster to potential volatility in earnings and cash flows.
- Most of the commodities are priced in US dollars. The AUD/USD exchange rate will have a bearing on the profitability of the Tandou and Bengorang operations.

In our opinion, after consideration of all issues including those set out above, and in the absence of any other information, that the First Proposed Transaction and the acquisition of the Cushing Interest and the Joy Interest is **reasonable** to the non-associated Shareholders as at the date of this report.

Pitcher Partners Corporate has been engaged to prepare an independent expert's report setting out whether in its opinion the First Proposed Transaction and the acquisition of the Cushing Interest and the Joy Interest is fair and reasonable to the non-associated Shareholders. Pitcher Partners Corporate has not been

engaged to provide a recommendation to the non-associated Shareholders in relation to the First Proposed Transaction or the acquisition of the Cushing Interest and the Joy Interest, the responsibility for which lies with the Independent Directors. Shareholders should read the Explanatory Memorandum issued by Webster in relation to the First Proposed Transaction.

This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual Shareholders.

The decision as to whether to vote in favour or against the resolutions in respect of the First Proposed Transaction and the acquisition of the Cushing Interest and the Joy Interest is a matter for individual Shareholders based on their views as to value, their expectations about future market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. In particular, taxation consequences may vary from shareholder to shareholder.


Accordingly, before acting in relation to their investment, Shareholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Shareholders who are in doubt as to the action they should take should consult their own professional adviser.

Pitcher Partners Corporate has prepared a Financial Services Guide as required by the Corporations Act. The Financial Services Guide is included at the beginning of the full report.

This letter is a summary of Pitcher Partners Corporate's opinion. The full report from which this summary has been extracted is attached and should be read in conjunction with this summary.

The opinion is made as at the date of this letter and reflects circumstances and conditions as at that date.

Yours sincerely
PITCHER PARTNERS CORPORATE PTY LTD



P MURONE
Executive Director

Contents

| | | |
|-----|--|----|
| 1. | Details of the First Proposed Transaction | 01 |
| 1.1 | Summary of the First Proposed Transaction | 01 |
| 1.2 | Summary of the Second Proposed Transaction | 02 |
| 1.3 | Board and Management | 04 |
| 2. | Scope of Report | 05 |
| 2.1 | Purpose of the Report | 05 |
| 2.2 | Basis of Evaluation | 06 |
| 2.3 | Limitations and Reliance on Information | 07 |
| 3. | Profile of Webster | 08 |
| 3.1 | Brief Background | 08 |
| 3.2 | Walnut Operations | 09 |
| 3.3 | Board of Directors | 11 |
| 3.4 | Capital Structure | 12 |
| 3.5 | Liquidity Analysis | 12 |
| 3.6 | Financial Performance | 14 |
| 3.7 | Financial Position | 15 |
| 4. | Profile of Bengorang | 17 |
| 4.1 | Brief Background | 17 |
| 4.2 | Board of Directors | 18 |
| 4.3 | Financial Performance | 19 |
| 4.4 | Financial Position | 20 |
| 5. | Profile of Tandou | 22 |
| 5.1 | Brief Background | 22 |
| 5.2 | Cropping | 22 |
| 5.3 | Tandou Water | 23 |
| 5.4 | Tandou Pastoral | 24 |
| 5.5 | Board of Directors | 25 |
| 5.6 | Capital Structure | 25 |
| 5.7 | Liquidity Analysis | 27 |
| 5.8 | Financial Performance | 28 |
| 5.9 | Financial Position | 29 |
| 6. | Valuation Methodology | 31 |
| 6.1 | Valuation Approach | 31 |
| 7. | Valuation | 33 |
| 7.1 | Value of Bengorang | 33 |
| 7.2 | Value of Tandou | 33 |
| 7.3 | Value of Webster | 34 |

| | | |
|-----|---|----|
| 8. | Assessment of Fairness | 37 |
| 8.1 | Approach | 37 |
| 8.2 | Assessment of Fairness – First Proposed Transaction | 37 |
| 8.3 | Assessment of Fairness – Acquisition of the Cushing Interest & the Joy Interest | 38 |
| 9. | Assessment of Reasonableness | 40 |
| 9.1 | Approach | 40 |
| 9.2 | Advantages | 40 |
| 9.3 | Disadvantages | 41 |
| 9.4 | Assessment of the Reasonableness | 41 |

Appendices

| | |
|---|----|
| Appendix 1: Glossary of Terms | 42 |
| Appendix 2: Sources of Information | 43 |
| Appendix 3: CBRE Valuations | 44 |
| Appendix 4: Colliers Valuation | 45 |
| Appendix 5: Qualifications, Declarations and Consents | 46 |



Pitcher Partners Corporate Pty Ltd
ACN: 082 323 868
AFSL: 229841

Level 19
15 William Street
MELBOURNE VIC 3000
Tel: +61 3 8610 5000

Financial Services Guide

Version dated: 10 October 2014

What is a Financial Services Guide?

This Financial Services Guide ("FSG") is an important document that is designed to assist you in deciding whether to use any of the general financial product advice provided by Pitcher Partners Corporate Pty Ltd. The use of "we", "us" or "our" is a reference to Pitcher Partners Corporate Pty Ltd as the holder of Australian Financial Services Licence ("AFSL") No. 229841. The contents of this FSG include:

- who we are and how we can be contacted
- what services we are authorised to provide under our AFSL
- how we (and any other relevant parties) are remunerated in relation to any general financial product advice we may provide.
- details of any potential conflicts of interest
- details of our internal and external dispute resolution procedures and how you can access them.

Information about us

Pitcher Partners Corporate Pty Ltd has been engaged by Webster Limited to provide general financial product advice in the form of a report to be given to you in connection with a financial product to be issued by another party. You are not the party or parties who engaged us to prepare this report. We are not acting for any person other than the party or parties who engaged us. We are only responsible for the financial product advice provided in our report and for the contents of this FSG.

You may contact us by writing to: GPO Box 5193, MELBOURNE VIC 3001, or by telephone on +613 8610 5000.

Pitcher Partners Corporate Pty Ltd is ultimately owned by the Victorian partnership of Pitcher Partners, a provider of audit and assurance, accounting, tax, corporate advisory, insolvency, superannuation, investment advisory and consulting services. Directors of Pitcher Partners Corporate Pty Ltd are partners of Pitcher Partners.

The Victorian partnership of Pitcher Partners is an independent partnership of Pitcher Partners. As such, neither it nor any of the other independent partnerships has any liability for each other's acts or omissions. Each of the member firms is a separate and independent legal entity operating under the name "Pitcher Partners", or other related names.

The financial product advice in our report is provided by Pitcher Partners Corporate Pty Ltd and not by the Victorian partnership of Pitcher Partners or its related entities.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, we and the Victorian partnership of Pitcher Partners (and its related bodies corporate) may from time to time provide professional services to financial product issuers in the ordinary course of business.

We hold professional indemnity insurance as required by the Corporations Act 2001 (Cth).

What financial services are we licensed to provide?

Our AFSL authorises us to provide general financial product advice and deal in the following classes of financial products to both retail and wholesale clients:

- Deposit products (including basic deposit products and deposit products other than basic deposit products)
- Derivatives
- Government debentures, stocks or bonds
- Interests in managed investment schemes including investor directed portfolio services
- Securities

Information about the general financial product advice we provide

The financial product advice provided in our report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our report is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is being provided to you in connection with the acquisition or potential acquisition of a financial product issued by another party, we recommend you obtain and read carefully the relevant Product Disclosure Statement ("PDS") or offer document provided by the issuer of the financial product. The purpose of the PDS or offer document is to help you make an informed decision about the acquisition of a financial product. The contents of the PDS or offer document will include details such as the risks, benefits and costs of acquiring the particular financial product.

How are we and our employees remunerated?

The fees we charge for preparing reports are usually determined on an hourly basis; however they may be a fixed amount or derived using another basis. We may also seek reimbursement of any out-of-pocket expenses incurred in providing the services.

Fee arrangements are agreed and confirmed in a letter of engagement with the party or parties who engage us.

Neither Pitcher Partners Corporate Pty Ltd nor its directors and officers, nor any related bodies corporate or associates and their directors and officers, receives any other fees, commissions or other benefits in connection with preparing and providing this report.

All of our employees receive a salary with partners also having an equity interest in the partnership. We do not receive any commissions or other benefits arising directly from services provided to you. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance.

We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

What should you do if you have a complaint?

If you have any concerns regarding our report, you may wish to advise us. We are committed to responding to any complaints promptly, fairly and effectively. We have developed an internal complaint resolution policy and complaint handling procedures that are designed to respond to your concerns promptly and equitably. Please address your complaint in writing to:

Partner in Charge – Corporate Finance
Pitcher Partners
GPO Box 5193
MELBOURNE VIC 3001

If we are not able to resolve your complaint to your satisfaction within 45 days of the first notification of your complaint to us, you may contact the Financial Ombudsman Service ("FOS"). FOS provides free advice and assistance to consumers to help them resolve complaints relating to members of the financial services industry. Complaints may be submitted to FOS at:

Financial Ombudsman Service Limited
GPO Box 3
MELBOURNE VIC 3001
Telephone: 1300 780 808
Fax: +61 3 9613 6399
Internet: <http://www.fos.org.au>

The Australian Securities and Investments Commission ("ASIC") website contains information on lodging complaints about companies and individual persons and sets out the types of complaints handled by ASIC. You may contact ASIC as follows:

Info line: 1 300 300 630
Email: info@asic.gov.au
Internet: <http://www.asic.gov.au/asic/asic.nsf>

If your complaint relates to a breach of our Privacy Policy or the Australian Privacy Principles, the matter should be referred to The Privacy Officer, GPO Box 5193, Melbourne VIC 3001.

1. Details of the First Proposed Transaction

1.1 Summary of the First Proposed Transaction

On 27 February 2015 Webster announced the proposed acquisition of 100% of the equity in Bengelang in consideration for 107,670,120 ordinary shares in Webster. Currently there are 54,540,000 shares in Bengelang held by the following shareholders (the Vendors):

| Bengelang Shareholders | | |
|-------------------------------|---------------------|----------|
| Shareholders | No of Shares | % |
| AFF | 27,540,000 | 50.50 |
| Verolot | 13,500,000 | 24.75 |
| BIA | 13,500,000 | 24.75 |
| | 54,540,000 | 100.00 |

Source: Share Purchase Agreement

As is discussed later in Section 3 of this report, during November 2013 Bengelang entered into option agreements to purchase the land and water assets of Medgun for \$8 million. Furthermore, on 11 November 2014 Bengelang signed contracts for the purchase of Darling Farms including the water rights for a purchase price of \$32.7 million. Both these properties are currently leased by Bengelang.

Prior to the First Proposed Transaction proceeding, it is expected that Bengelang will settle the purchase of Darling Farms, with the obligation to pay for Darling Farms to be assumed by the Vendors. The Vendors will also undertake the following:

- assume the obligation to pay Medgun the \$8 million which is due and payable in July 2015;
- inject \$5 million of cash into Bengelang;
- transfer water rights to the value of \$5 million to Bengelang ; and
- assume various other liabilities of Bengelang such that the total of the above is equal to \$50 million.

In return for the above, the Vendors will be issued shares in Bengelang totalling 36,940,991 fully paid ordinary shares for a total subscription price of \$50 million, bringing the total issued capital in Bengelang to 91,480,991. Simultaneously the Vendors have agreed to sell 34,289,152 Webster shares of those to be issued for this transaction to two investors, Eagle Securities Limited (Eagle Securities) and Kaplan Equity Limited (Kaplan), together referred to as the New Investors, at a price of approximately \$1.17per share.

Having regard to the above transactions, the Vendors will direct Webster to issue shares in Webster to the New Investors such that the issue to the Vendors and to the New Investors will be as follows:

- AFF – 36,548,806 ordinary shares;
- Kaplan – 30,434,783 ordinary shares;
- Verolot – 18,916,081 ordinary shares;
- BIA – 17,916,081 ordinary shares; and
- Eagle Securities – 3,854,369 ordinary shares.

Should the First Proposed Transaction proceed, with or without the Second Proposed Transaction, the capital structure of Webster would be as follows:

| Proposed Capital Structure | ¹Minimum | Maximum |
|---|----------------------------|----------------|
| Ordinary shares on issue pre the First Proposed Transaction | 155,463,093 | 155,463,093 |
| Ordinary shares to be issued - First Proposed Transaction | 107,670,120 | 107,670,120 |
| Shares on issue post the First Proposed Transaction | 263,133,213 | 263,133,213 |
| Ordinary shares to be issued - Second Proposed Transaction | 43,893,303 | 87,611,382 |
| Shares on issue post the Second Proposed Transaction | 307,026,516 | 350,744,595 |

¹ Assumes 50.1% acceptance by Tandou shareholders

The key terms and conditions of the Share Purchase Agreement are as follows:

Key Terms & Conditions

| Item | Details |
|---------------------|---|
| Condition Precedent | <p>Webster shareholder approval.</p> <p>Receipt of all necessary regulatory and third party approvals and consents.</p> <p>Contracts for the acquisition of properties and associated water rights known as Darling Farms and Medgun are either completed or remain in full force and effective as at completion.</p> <p>Completion of an equity injection in an aggregate amount of \$50 million in the form of the transfer of water rights (\$5 million), an assumption of liabilities of \$40 million including the outstanding consideration of \$29.2 million in respect of Darling Farms, and cash consideration of \$5 million as discussed above.</p> <p>Consent from the National Australia Bank (NAB) for the sale of the shares to Webster.</p> <p>No material adverse change.</p> <p>Termination of the existing management agreement.</p> <p>Termination of the existing shareholder's agreement.</p> <p>Execution of the new management agreement.</p> |
| Completion | Two business days after satisfaction or waiver of the last of the conditions. |
| Termination | The vendors or Webster may terminate the agreement if any condition is not satisfied or waived on or before 30 September 2015. |

Source: Share Purchase Agreement

1.2 Summary of the Second Proposed Transaction

On 27 February 2015 Webster announced its intention to make an off market takeover bid for the shares in Tandou, including the Cushing Interest and the Joy Interest, via a scrip offer of one fully paid ordinary share in Webster for each 2.25 fully paid ordinary shares in Tandou. At the date of this report the capital structure of Tandou was as follows:

Tandou Capital Structure

| | Amount |
|---|-------------|
| Fully paid ordinary shares | 196,850,209 |
| Partly paid ordinary shares (to 20 cents) | 125,000 |
| Partly paid ordinary shares (to 1 cent) | 40,000 |
| Options exercisable at \$0.26 | 250,000 |

The partly paid shares (to 20 cents) will be offered one fully paid ordinary share in Webster for each 11.25 partly paid shares in Tandou, while the partly paid shares (to 1 cent) will be offered one fully paid ordinary share in Webster for every 225 partly paid shares in Tandou. We understand that the options will be exercised prior to completion and will therefore receive one fully paid ordinary share in Webster for each 2.25 fully paid ordinary shares received on conversion of the Tandou options.

Should the Second Proposed Transaction proceed with or without the First Proposed Transaction, the capital structure of Webster would be as follows:

Proposed Capital Structure

| | ² Minimum | Maximum |
|---|----------------------|-------------|
| Fully paid ordinary shares on issue pre the Second Proposed Transaction | 155,463,093 | 155,463,093 |
| Fully paid ordinary shares to be issued - Second Proposed Transaction | | |
| - For fully paid ordinary shares in Tandou | 43,887,647 | 87,600,093 |
| - For partly paid (to 20 cents) ordinary shares in Tandou | 5,567 | 11,111 |
| - For partly paid (to 1 cent) ordinary shares in Tandou | 89 | 178 |
| Shares on issue post the Second Proposed Transaction (excluding the First Proposed Transaction) | 199,356,396 | 243,074,475 |
| Ordinary shares to be issued - First Proposed Transaction | 107,670,120 | 107,670,120 |
| Shares on issue post the First Proposed Transaction and Second Proposed Transaction | 307,026,516 | 350,744,595 |

Source: Capital IQ and management

The key terms and conditions of the offer as set out in the MIA as disclosed to the market through the ASX on 27 February 2015 are as follows:

Key Terms & Conditions

| Item | Details |
|-----------------------------|--|
| Key Conditions | <p>Minimum acceptance of 50.1% of Tandou shares on issue.</p> <p>Webster shareholder approval.</p> <p>No prescribed occurrences.</p> |
| Termination by either party | <p>Material breach of the MIA.</p> <p>WBA withdraws the offer or it lapses without the conditions being fulfilled, satisfied or waived.</p> <p>If a break fee is paid by either party.</p> |
| Termination by WBA | <p>A competing proposal is recommended, endorsed or otherwise supported by a Tandou director.</p> <p>A Tandou director publicly withdraws or changes in any way or makes any public statement inconsistent with his recommendation in respect to the offer.</p> <p>A person other than Webster or any of its subsidiaries or associates holds 20% or more voting power in Tandou and does not accept the offer before the termination of the MIA.</p> |
| Termination by Tandou | <p>If the Tandou directors withdraw their recommendation due to:</p> <ul style="list-style-type: none"> a superior proposal being received by Tandou and they consider acting in good faith and taking appropriate advice that their fiduciary or statutory duties require them to do so; or the independent expert concludes that the offer is not reasonable to non-associated Tandou shareholders. <p>A bona fide change of control transaction for Webster is announced or occurs.</p> |
| Automatic Termination | <p>At the end of the Exclusivity Period which is defined as the earlier of:</p> <ul style="list-style-type: none"> termination of the agreement as previously discussed above; the Offer Close Date being a minimum of one month after the offer is made; |

² Assumes 50.1% acceptance by Tandou shareholders

| Item | Details |
|--------------------------|--|
| | <ul style="list-style-type: none">■ date on which the Offers are withdrawn by Webster in accordance with Section 652B of the Corporations Act; and■ 31 July 2015. |
| Termination by agreement | Webster and Tandou may at any time agree in writing to terminate the MIA on such terms as they agree. |

Source: Merger Implementation Agreement

1.3 Board and Management

Assuming the Second Proposed Transaction proceeds, Mr Rob Woolley, Chairman of Tandou, or another non-executive director of Tandou, nominated by Tandou, will be invited to join the Webster board.

The Webster head office and its senior management have historically been based in Tasmania. Given the location of the Bengorang and Tandou properties, coupled with Webster's majority mainland asset base and the sale of its Tasmanian onion operation, it is proposed that Webster's Chief Executive Officer, John Hosken will relocate to the Riverina, NSW. The senior Webster walnut management team located in the Riverina will remain unchanged and retain their sole focus on the walnut operations.

2. Scope of Report

2.1 Purpose of the Report

ASX Listing Rule 10.1 requires a listed entity to obtain approval of the holders of its ordinary securities if it proposes to acquire or dispose of a substantial asset from or to a related party, subsidiary, a substantial holder, an associate of any of the aforementioned, or a person whose relationship with the listed entity or any of the aforementioned is such that, in the ASX's opinion, the transaction should be approved by its members.

ASX Listing Rule 10.2 states that an asset is substantial if its value is 5% or more of the equity interest in the entity as set out in the latest financial statements given to the ASX.

With respect to the First Proposed Transaction:

- It is proposed that the shares in Bengerang be acquired by Webster.
- AFF is a substantial shareholder of Webster currently holding a relevant interest in 17,483,093 shares, representing approximately 11.2% of the issued capital of Webster. AFF is also a shareholder of Bengerang. The First Proposed Transaction, excluding the Second Proposed Transaction, may result in AFF's voting power increasing to 20.5%.
- Verolot is a substantial shareholder of Webster with a relevant interest in approximately 8.6% of the issued share capital of Webster and is also a shareholder of Bengerang.
- BIA is a substantial shareholder of Webster with a current relevant interest in approximately 15.3% of the issued share capital of Webster and is also a shareholder of Bengerang.

The Vendors have disclosed in substantial shareholder notices lodged with ASX that while they do not have a relevant interest in each other's shares in Webster, an association between them may have arisen as a result of the execution of the Bengerang Share Purchase Agreement. As a result, their current voting power in Webster is 35.13%. This association terminates on completion.

The value of the shares in Bengerang being acquired from each of the above parties is greater than 5% of the equity of Webster as at 30 June 2014 and accordingly the acquisition is deemed to be of a substantial asset.

With respect to the Second Proposed Transaction, the value of the Cushing Interest and the Joy Interest represents a substantial asset for the purpose of ASX Listing Rule 10.1. Accordingly both the acquisition of the Cushing Interest and the Joy Interest also requires an independent expert report pursuant to ASX Listing Rule 10.1 advising whether the acquisition of is fair and reasonable to the non-associated shareholders of Webster.

Consequently, Webster is required to seek approval of the First Proposed Transaction and the acquisition of the Cushing Interest and the Joy Interest from its non-associated Shareholders pursuant to ASX Listing Rule 10.1

ASX Listing Rule 10.10.2 requires that the Notice of General Meeting to approve the First Proposed Transaction and the acquisition of the Cushing Interest, pursuant to ASX Listing Rule 10.1, be accompanied by a report from an independent expert, stating whether the First Proposed Transaction and the acquisition of the Cushing Interest and the Joy Interest is fair and reasonable to the non-associated Shareholders.

Further, Section 606 of the Act expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) holding a relevant interest of 20% or more of the issued shares of a public company, unless one of the exceptions in section 611 of the Act applies.

Following the First Proposed Transaction, AFF and its associates could increase their voting power to over 20%, albeit this would reduce to 15.4% assuming the Second Proposed Transaction proceeds. This is illustrated in the following table:

AFF – Shareholdings in Webster

| Detail | Total | AFF and associates | % |
|--|-------------|--------------------|------|
| Current Shares on Issue | 155,463,093 | 17,483,093 | 11.2 |
| New Shares (First Proposed Transaction) | 107,670,120 | 36,548,806 | 33.9 |
| | 263,133,213 | 54,031,899 | 20.5 |
| New Shares (Second Proposed Transaction) (maximum) | 87,611,382 | - | |
| Total Ordinary Shares on Issue | 350,744,595 | 54,031,899 | 15.4 |

Source: Capital IQ, Audited Financial Statements, Management

Section 611 permits such an acquisition if the shareholders of that entity have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

Regulatory Guide 74 issued by ASIC deals with 'Acquisitions Agreed to by Shareholders'. It states that the obligation to supply shareholders with all information that is material can be satisfied by the Independent Directors, by either:

- undertaking a detailed examination of the proposed transaction themselves, if they consider that they have sufficient expertise; or
- by commissioning an independent expert report.

The Independent Directors have commissioned this independent expert report to satisfy this obligation.

2.2 Basis of Evaluation

There is no legal definition for the expression 'fair and reasonable'. ASIC has issued Regulatory Guide 111 which establishes guidelines in respect of independent expert reports. ASIC Regulatory Guide 111 differentiates between the analysis required for control transactions and other transactions. In the context of control transactions, whether by takeover bid, by scheme of arrangement, by the issue of securities or by selective capital reduction or buyback, the expert is required to distinguish between 'fair' and 'reasonable'.

Fairness involves a comparison of the offer price with the value that may be attributed to the securities that are the subject of the offer based on the value of the underlying businesses and assets. For this comparison, value is determined assuming 100% ownership of the target and a knowledgeable and willing but not anxious buyer, and a knowledgeable and willing but not anxious seller, acting at arm's length.

An offer could be considered 'reasonable' if there were valid reasons to accept the offer notwithstanding that it was not 'fair'.

Fairness is a more demanding criteria. A 'fair' offer will always be 'reasonable' but a 'reasonable' offer will not necessarily be 'fair'. A fair offer is one that reflects the full market value of a company's businesses and assets.

This is commonly the case where the bidder already controls the target company. In that situation the minority shareholders have little prospect of receiving full value from a third party offeror unless the controlling shareholder is prepared to sell its controlling shareholding.

Pitcher Partners Corporate is to consider whether the First Proposed Transaction and the acquisition of the Cushing Interest and Joy Interest is fair by comparing the value of the equity to be acquired in Bengerang and the value of the Cushing Interest and Joy Interest respectively, with the consideration to be paid. The transactions will be considered fair if the equity value of Bengerang and the value of the Cushing Interest and the Joy Interest exceeds the consideration to be paid. The First Proposed Transaction would also be considered fair if the value of a Webster share post the First Proposed Transaction is greater than the value pre the First Proposed Transaction.

In considering whether the First Proposed Transaction and the acquisition of the Cushing Interest and Joy Interest is reasonable, we have considered the advantages and disadvantages of proceeding with the transactions together with the impact on Webster should the transactions not proceed.

2.3 Limitations and Reliance on Information

The opinion of Pitcher Partners Corporate is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

Our procedures and enquiries do not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the Auditing and Assurance Standards Board.

3. Profile of Webster

3.1 Brief Background

Webster was established in 1831 in Tasmania as a traditional pastoral house. Using its rural services, merchandising and transport segments as a base, Webster emerged as a leading producer and seller of premium Tasmanian foods. Webster listed on the ASX in 1974.

Over the ensuing years, Webster's operations became quite diversified with operations primarily in the following areas:

- Rural – merchandise, seed feed and grain, agronomy and irrigation;
- Industrial – bearings, engineering, power transmission, materials handling and engineering supplies;
- Transport – truck sales, machinery sales, 4WD accessories, workshop services and spare parts;
- Vegetables – onion and carrots;
- Orchards – walnuts and apples (including apple processing); and
- Aquaculture – salmon farming and processing, kelp harvesting and processing and seafood trading.

In recent years Webster has undergone significant change having disposed of a number of businesses to position itself to meet emerging market opportunities and to become a more efficient and profitable operation. The businesses disposed of comprise:

- 2002 – apple processing operation;
- 2004 – apple orchards and its rural merchandise operations with the latter sold into a 50% owned joint venture with Elders Ltd;
- 2005 – 50% joint venture with Elders Limited;
- 2007 – industrial and transport divisions and its investment in the kelp business; and
- 2011 – the carrot business and the balance of its aquaculture investments.

On 10 November 2014 Webster signed a contract of sale with Dandaragan Farms Pty Ltd and North East Equity Pty Ltd, jointly trading as Sumich, for the sale of its onion business with settlement to occur on 30 June 2015. The contracted consideration is \$10.15 million for the sale of the assets plus the value of stock on settlement, which is slightly in excess of book value.

Following the sale of the onion business, this essentially left Webster with the walnut operations. Webster is Australia's largest commercial walnut grower, currently owning or managing over 2,200ha in Tasmania and NSW as well as owning a commercial walnut nursery.

On 14 November 2014 Webster signed agreements to acquire all of the assets of AgReserves Australia Limited (Kooba aggregation) including significant water rights. The acquisition cost was \$116 million plus crop and inventory (cotton and row) and settled in December 2014. The acquired assets comprise two large properties of approximately 40,000 hectares on the Murrumbidgee River at Darlington Point in New South Wales (NSW), namely Kooba Station and Bringagee & Benerembah Stations, as well as Booberoi Station, on the Lachlan near Euabalong.

These properties are centred in prime cropping zones on the river and are considered to be amongst the 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 Webster's major walnut orchards in Tabbita and Leeton, each 30 to 40 minutes away.

In association with the above transaction, Webster also undertook a placement of 17,475,728 new ordinary shares in Webster at \$1.03 per share to AFF. These shares represent approximately 11.2% of the post placement issued capital of Webster. The cash was utilised to partially fund the acquisition, with the balance of the acquisition funded by debt. In making this placement to AFF, Webster also entered 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.

The acquisition of Kooba aggregation, as well as the water rights, provides Webster with a land bank for significant further walnut growth for the future.

3.2 Walnut Operations

Webster is the largest walnut producer in Australia, producing approximately 90% of the country's production. It owns 390 hectares of walnut orchards in Tasmania and 1,560 hectares in the Riverina, NSW, which in total is over 600,000 trees. In addition Webster manages or has access to a further 80 hectares of Joint Venture orchards in Tasmania and 250 hectares of privately owned orchard in the Riverina comprising a further 100,000 trees.

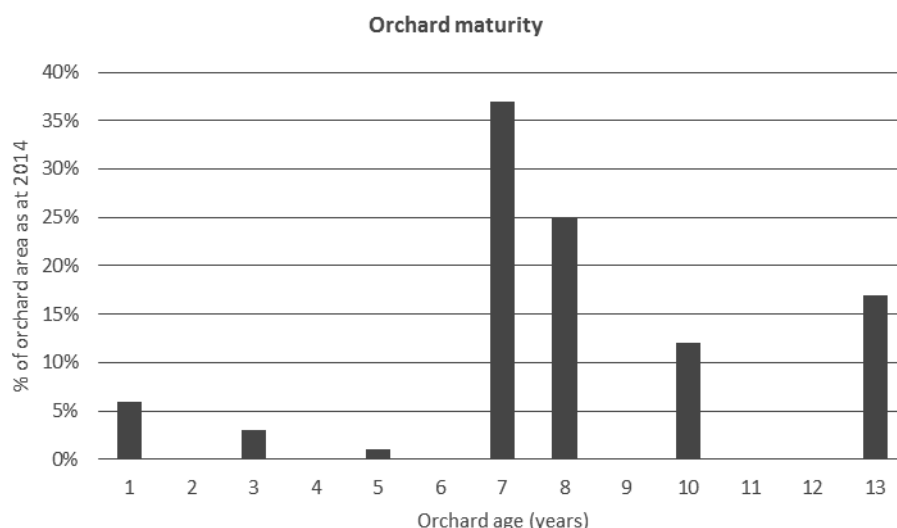
Webster operates a fully vertically integrated operation, including all aspects of orchard establishment and maintenance, harvesting and processing, grading and packing together with sales and marketing. Webster is now an established, large scale operator and is building a presence in the global walnut industry. Approximately 46% of 2014 revenue was generated from exports to Europe, 32% to Asia and 22% in Australia. In 2014 the company owned or managed just under 700,000 trees that produced nearly 7,000 tonnes of in-shell walnuts. From present hectares, production is forecast to progressively rise to over 17,000 in-shell tonnes from over 975,000 trees by 2025.

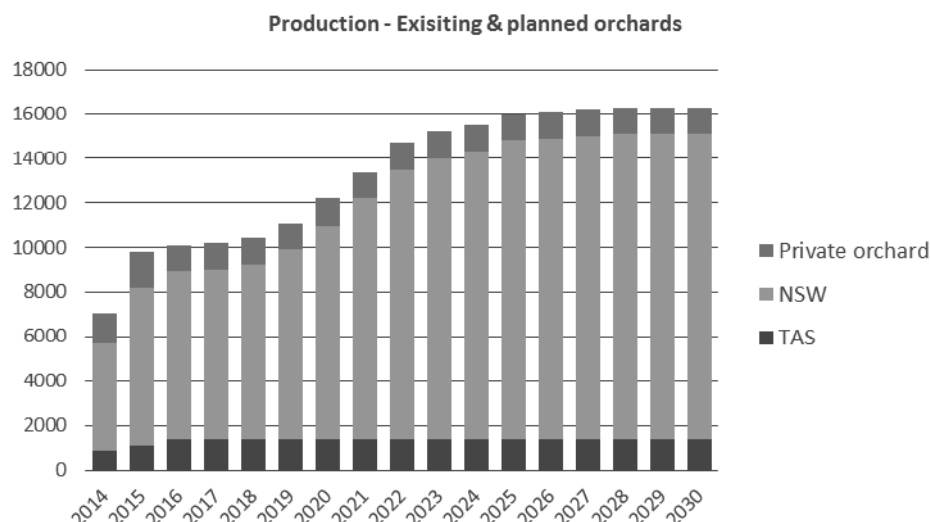
More recently the company committed approximately \$18 million in walnut capital investment programs. This included a new state of the art walnut cracking and value add facility at Leeton and the establishment of a new walnut orchard at Avondale West.

The new cracking facility, for the first time allowed Webster to enter the Australian domestic market, where the large majority of walnuts are sold as kernel, rather than in-shell. The company commenced a direct supply relationship to a major Australian retailer with Australian walnut kernel replacing previously imported product.

Historically Webster has exported the majority of its crop on an in-shell basis to counter seasonal, Northern Hemisphere markets. In-shell packing and distribution commenced during harvest in mid-March 2014 and Webster was able to take advantage of strong market demand and pricing opportunities, particularly in Europe. The company also continued in-shell supply arrangements into China.

Webster has 3 main orchards, namely Swansea in Tasmania and Tabbita and Leeton in the Riverina district in NSW with another 900 hectare orchard under development in the Riverina. The graphs below show the maturity of the orchards and the estimated production from the existing and planned orchards through to 2030:





Source: December 2014 Presentation

As stated above, through the Kooba aggregation, Webster's property assets now also include approximately 40,000 hectares on the Murrumbidgee River at Darlington Point in NSW, namely Kooba Station and Bringagee & Benerembah Station as well as Booberoi Station, on the Lachlan near Euabalong. These properties have been independently valued by Colliers (refer appendix 4). The other properties have been valued by CBRE (refer appendix 3).

Summarised below are the size and values ascribed to each property including the owned and leased orchards:

Property Overview

| | Hectares | Property Valuation '000 | Water Rights '000 | Total Valuation '000 |
|---|----------|-------------------------|-------------------|----------------------|
| Kooba Station, Darling Point | 19,458 | \$26,709 | \$37,372 | \$64,081 |
| Leeton Orchard & Walnut Processing Facility, Leeton | 915 | | | \$39,920 |
| Bringagee & Benerembah, Darlington Point | 19,246 | \$17,700 | \$19,545 | \$37,245 |
| Tabbita Orchard, Goolgowi | 979 | | | \$25,420 |
| Swansea Orchard, Swansea | 1,230 | | | \$8,430 |
| Booberoi Station, Euabalong | 8,159 | \$4,385 | \$3,624 | \$8,009 |
| Avondale West, Tabbita | 1,036 | \$4,880 | - | \$4,880 |
| Cranbook Orchard | 73 | | | \$240 |
| | | | | \$188,225 |

Source: CBRE report & Colliers report

3.3 Board of Directors

Board of Directors

| Directors | Experience |
|---|---|
| Roderick Roberts, Non-Executive Chairman | Mr Roberts was appointed Managing Director in October 1996 until 2001 and Chairman from October 2001 to August 2007 and again from November 2008. Mr Roberts has previously held roles including Head of Corporate Finance at Bain & Co, Director of County NatWest Australia Limited, Chairman of Harris & Company Limited, Director of Tassal Group Limited and Deputy Chancellor of University of Tasmania. He is a director of the Australian Institute of Company Directors and President of the Tasmanian branch. |
| Christopher Corrigan, Non-Executive Director | Mr Corrigan was appointed non-executive director in November 2007 until July 2010 and again from 15 October 2012. Mr Corrigan was Managing Director of Patrick Corporation Limited, Australia's largest stevedore company with interests in rail transportation and aviation from March 1990 to May 2006. Prior to that, he had a career with Bankers Trust spanning 20 years, including periods as Managing Director of Bankers Trust in Australia and for the Asia-Pacific region. Mr Corrigan was formerly a director of other listed companies including Consolidated Media Holdings and Crown Limited. He is currently also a director of Qube Holdings Limited. |
| David Cushing, Non-Executive Director | Mr Cushing is Executive Chairman of Rural Equities Limited, one of New Zealand's largest rural property companies, and is also the Managing Director of the private investment company H & G Limited. Mr Cushing was formerly an investment banker with National Australia Bank Limited subsidiary, Bank of New Zealand. Mr Cushing has considerable experience in the agricultural sector having previously been a director of horticultural company Fruited Supplies Limited, rural services company Williams & Kettle Limited and New Zealand Farming Systems Uruguay Limited. He has also acted as an alternate director of rural services and seed company PGG Wrightson Limited for the Chinese company Agria Corporation. |
| Christopher Langdon, Non-Executive Director | Mr Langdon is a major shareholder and Chief Executive of Langdon Group Pty Ltd. The Langdon Group is 160 years old and is a leading company in its sector, primarily involved in food ingredient distribution, and herb & spice processing. Mr Langdon's early career was in investment banking with roles in Australia, London and New York. Since the early 1990s, apart from his corporate role at Langdon Group, Mr Langdon has been involved in various external corporate directorships. He is a current non-executive director of ASX listed Panoramic Resources Limited and of Touraust Corporation Pty Limited. He has also held directorships at the listed Text Media Limited and Fresh Food Industries Holdings Limited, as well as Nutshack Group Pty Ltd. |
| David Robinson, Non-Executive Director | Appointed Non-Executive Director in December 2014. Mr Robinson has 30 years' experience in large irrigated and broad acre farming in the Moree district as Principal of Red Mill Pastoral Company and Moreton Pastoral Company. He was appointed Chairman of AFF in October 1999 and has been a Director since January 1999. He has also held the offices of Deputy Chairman of Cotton Australia Limited and Chairman of Webster. |
| Joseph Corrigan, Alternate for Chris Corrigan | Mr Joseph Corrigan was appointed alternate for Mr Chris Corrigan on 14 October 2013. Mr Corrigan holds a bachelor and masters in creative arts and has interests and experience in the agricultural industry particularly wheat, canola and beef. Mr Corrigan is also the managing director of an entertainment production company. |

Source: Webster Annual Report 2014 and management

3.4 Capital Structure

As at the date of this report Webster had 155,463,093 ordinary shares on issue. This increased from 137,987,365 at 30 June 2014, reflecting the placement in December 2014 of 17,475,728 new ordinary shares in Webster at \$1.03 per share to AFF to partly fund the Kooba aggregation.

The top 20 shareholders of Webster as at 17 March 2015 comprised the following:

| Top 20 Shareholders | | |
|---|-------------------------------------|--------------|
| Holder | Common Stock Equivalent Held | % |
| HSBC Custody Nominees (Australia) Ltd (HSBC) | 29,357,249 | 18.88 |
| Mr P Joy | 17,481,039 | 11.24 |
| AFF | 14,563,107 | 9.37 |
| Verolot | 13,299,781 | 8.55 |
| K.D. Cushing Family Trust | 11,431,136 | 7.35 |
| The Tasmanian Gifts Co Pty Ltd | 5,133,699 | 3.30 |
| Eagle Securities Limited | 4,934,792 | 3.17 |
| Sandhurst Trustees Ltd – JMFG Consol a/c | 4,442,013 | 2.86 |
| Rathvale Pty Limited | 3,946,936 | 2.54 |
| Sandhurst Trustees Ltd – DMP Asset Management a/c | 2,420,000 | 1.56 |
| Tasman Super Pty Ltd – Robinson Family Superfund | 1,946,613 | 1.25 |
| J P Morgan Nominees Australia Limited | 1,664,538 | 1.07 |
| Lily Securities Limited | 1,283,424 | 0.83 |
| Mr J Hosken | 1,250,000 | 0.80 |
| Australian Direct Investments Pty. Ltd. | 1,141,252 | 0.73 |
| Ms S Stegmann | 1,105,113 | 0.71 |
| Citicorp Nominees Pty Limited | 1,089,519 | 0.70 |
| Mr D Goullet | 776,232 | 0.50 |
| Dr K Chong & Mrs J Chong | 773,385 | 0.50 |
| Hemwood Pty Ltd | 741,347 | 0.48 |
| Top 20 Shareholders | 118,781,175 | 76.40 |

Source: Computershare

The top 20 shareholders hold approximately 76% of the total shares in Webster. This tight shareholding explains the lack of liquidity in the shares. The largest shareholder is HSBC with approximately 19% of the company. The majority of the HSBC shares are held for BIA with an interest of approximately 15.3% of the Webster shares. The balance of the HSBC shares are held for non-associated parties.

In addition to the above, Webster has 394,000 non-redeemable cumulative preference shares at a par value of \$1. These are included within the borrowings of the company on the balance sheet.

Further, of the 155,463,093 ordinary shares on issue, 3,860,000 were issued under a long term incentive plan and have vesting conditions attached thereto.

3.5 Liquidity Analysis

The chart below illustrates the share price and volume of trade from 1 July 2011 to 27 February 2015, being the date of the announcement.



The share price of Webster increased steadily over the period from July 2011 to July 2013 from approximately \$0.40 to approximately \$0.70. During this period (September 2012) the company issued 40,821,048 ordinary shares at an issue price of \$0.50 to fund the walnut cracking plant. Following the release of its 2013 annual report the share price continued to rise, reaching a peak of \$1.40 in early 2014. However, the price declined over the next few months to just above \$0.85 by July 2014, steadily increasing back up to \$1.37 by August 2014. There does not appear to be any specific factor that contributed to this movement. The volume weighted average price (VWAP) has steadily increased since then to \$1.27 for the quarter ended 31 December 2014 and to \$1.32 in the two months to the date of the announcement.

The shares however have not been particularly liquid with only 44% of total shares traded over the period since the quarter ended 30 June 2011 as illustrated in the following table:

Volume of trades

| Quarter ended | High(\$) | Low(\$) | VWAP(\$) | Last Sale Price (\$) | Volume | % Traded |
|-----------------------|----------|---------|----------|----------------------|-----------|----------|
| 30-Jun-11 | 0.49 | 0.37 | 0.36 | 0.37 | 2,079,171 | 3% |
| 30-Sep-11 | 0.44 | 0.35 | 0.41 | 0.39 | 1,748,467 | 2% |
| 31-Dec-11 | 0.46 | 0.39 | 0.46 | 0.46 | 7,095,964 | 8% |
| 31-Mar-12 | 0.53 | 0.43 | 0.53 | 0.53 | 1,708,615 | 2% |
| 30-Jun-12 | 0.57 | 0.48 | 0.50 | 0.50 | 900,130 | 1% |
| 30-Sep-12 | 0.61 | 0.50 | 0.60 | 0.61 | 1,974,920 | 2% |
| 31-Dec-12 | 0.63 | 0.57 | 0.59 | 0.59 | 1,745,026 | 1% |
| 31-Mar-13 | 0.70 | 0.60 | 0.69 | 0.70 | 934,768 | 1% |
| 30-Jun-13 | 0.70 | 0.63 | 0.70 | 0.70 | 833,834 | 1% |
| 30-Sep-13 | 0.90 | 0.70 | 0.83 | 0.83 | 6,646,460 | 5% |
| 31-Dec-13 | 1.10 | 0.80 | 1.09 | 1.10 | 7,019,843 | 5% |
| 31-Mar-14 | 1.40 | 1.06 | 1.33 | 1.30 | 2,939,795 | 2% |
| 30-Jun-14 | 1.30 | 0.85 | 0.86 | 0.86 | 4,949,796 | 4% |
| 30-Sep-14 | 1.36 | 0.87 | 1.17 | 1.17 | 4,527,042 | 3% |
| 31-Dec-14 | 1.28 | 1.02 | 1.27 | 1.28 | 4,627,300 | 3% |
| 2 months to 27 Feb 15 | 1.34 | 1.19 | 1.32 | 1.33 | 1,963,780 | 1% |
| | | | | | | 44% |

Source: Capital IQ

However since the announcement, the share price has steadily increased to a high of \$1.60 by 13 March 2015 with approximately 4 million shares traded from the date of the announcement to 13 March 2015.

3.6 Financial Performance

Summarised below is the historical income statement for the years ended 30 June 2012 to 30 June 2014 and for the 6 months to 31 December 2014.

| Income Statement | | | | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 30 Jun 12 \$'000 | 30 Jun 13 \$'000 | 30 Jun 14 \$'000 | 31 Dec 14 \$'000 |
| Revenue | 44,751 | 52,867 | 54,897 | 13,213 |
| Cost of sales | (21,418) | (26,453) | (28,927) | (12,014) |
| Gross profit | 23,333 | 26,414 | 25,970 | 1,199 |
| Gross profit % | 52% | 50% | 47% | 9% |
| Other income | 2,522 | 4,742 | 8,668 | 4,584 |
| Revaluation of non-current biological assets | 886 | 4,165 | 2,085 | - |
| Distribution expenses | (7,492) | (9,111) | (7,996) | (885) |
| Marketing expenses | (779) | (1,107) | (970) | (259) |
| Operational expenses | (9,746) | (8,662) | (9,519) | (5,615) |
| Administration expenses | (2,771) | (3,370) | (3,955) | (1,597) |
| Other expenses | (351) | (410) | (409) | (108) |
| Total fixed expenses | (21,139) | (22,660) | (22,849) | (8,464) |
| Earnings Before Interest & Tax (EBIT) | 5,602 | 12,661 | 13,874 | (2,681) |
| Finance costs | (406) | (253) | (292) | (434) |
| Acquisition costs | - | - | - | (2,981) |
| Provision for doubtful debts | - | - | (1,605) | - |
| Impairment of land and building assets | - | (2,486) | - | - |
| Earnings before tax | 5,196 | 9,922 | 11,977 | (6,096) |
| Income tax benefit/(expense) | (1,198) | (2,955) | (3,649) | 1,829 |
| Loss from discontinued operations | - | - | - | (529) |
| Profit/(loss) post tax | 3,998 | 6,967 | 8,328 | (4,796) |

Source: Annual Report and Appendix 4D

Webster derives its walnut revenue from three streams – owned orchards, managed investment scheme income and management fees, with approximately 70% of this income coming from owned orchards. The increase in revenue and earnings over the period reflects primarily the maturing yield profile of walnut orchards.

In 2013 the walnut orchards generated increased yields ahead of management expectations and was the major contributor to earnings. The onion business also improved significantly, despite continuing challenging conditions with high currency exchange rates and large Southern Hemisphere onion supply in the European market.

During the 2014 financial year, walnut related earnings continued to rise in line with increased yields. Onions also contributed positively to earnings. This was despite difficult growing conditions and large shipments from international competitors into the major European markets.

The six months to 31 December 2014 saw revenue and other income increase to \$17.8 million, up from \$17.5 million in the same period in 2013. EBIT however had declined from a loss of \$2 million in the six months to 31 December 2013 to a loss of \$2.7 million. This is in line with budget for the six months to 31 December 2014 and reflects seasonality.

The outlook for Webster is expected to be positive with the commissioning of the new walnut cracking plant, the expansion of the walnut nursery and the establishment of the new orchard at Avondale West.

3.7 Financial Position

Summarised below is the balance sheet of Webster as at 30 June 2012 to 30 June 2014 and as at 31 December 2014 as well as the adjusted balance sheet as at 31 December 2014 which has the land and buildings, orchards and water rights at the independent values ascribed by CBRE and Colliers.

| Balance Sheet | | | | | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------------------------------|
| | 30 Jun 12 \$'000 | 30 Jun 13 \$'000 | 30 Jun 14 \$'000 | 31 Dec 14 \$'000 | Adjusted Dec 14 \$'000 |
| Cash and cash equivalents | 987 | 15,269 | 2,242 | 2,229 | 2,229 |
| Trade and other receivables | 23,763 | 14,738 | 22,102 | 6,784 | 6,784 |
| Inventories | 8,030 | 12,034 | 18,271 | 23,985 | 23,985 |
| Prepayments & other assets | 620 | 550 | 856 | 880 | 880 |
| Biological assets | - | - | 464 | 786 | 786 |
| Current tax assets | - | - | - | 812 | 812 |
| Assets held for sale | - | - | - | 9,511 | 9,511 |
| Total current assets | 33,400 | 42,591 | 43,935 | 44,987 | 44,987 |
| Trade and other receivables | - | 3,541 | 2,947 | 3,167 | 3,167 |
| Property, plant and equipment | 36,458 | 40,086 | 50,783 | 96,001 | ³ 8,287 |
| Biological assets | 23,115 | 27,661 | 31,635 | 33,302 | n/a |
| Water rights | 2,068 | 2,068 | 2,848 | 66,194 | n/a |
| Property, biological assets & water rights at valuation | n/a | n/a | n/a | n/a | 188,225 |
| Investment property | 829 | 824 | 819 | 817 | 817 |
| Deferred tax asset | 3,063 | 3,037 | 2,586 | 3,480 | 3,480 |
| Intangibles | 2,816 | 2,690 | 2,566 | 2,504 | 2,504 |
| Total non-current assets | 68,349 | 79,907 | 94,184 | 205,465 | 206,480 |
| Total assets | 101,749 | 122,498 | 138,119 | 250,452 | 251,467 |
| Trade and other payables | 9,696 | 9,929 | 10,259 | 7,367 | 7,367 |
| Borrowings | 308 | 318 | 9,111 | 55,656 | 55,656 |
| Current tax liability | 1,130 | 1,234 | 1,612 | - | - |
| Other financial liabilities | - | 1,153 | - | 300 | 300 |
| Provisions | 2,076 | 1,484 | 1,393 | 781 | 781 |
| Total current liabilities | 13,210 | 14,118 | 22,375 | 64,104 | 64,104 |
| Borrowings | 5,518 | 700 | 489 | 60,994 | 60,994 |
| Deferred tax liability | 3,255 | 4,656 | 6,756 | 6,756 | 7,061 |
| Provisions | 34 | 53 | 56 | 162 | 162 |
| Total non-current liabilities | 8,807 | 5,409 | 7,301 | 67,912 | 68,217 |
| Total liabilities | 22,017 | 19,527 | 29,676 | 132,016 | 132,321 |
| Net assets | 79,732 | 102,971 | 108,443 | 118,436 | 119,147 |
| Issued capital | 53,114 | 73,458 | 73,458 | 91,433 | |
| Reserves | 1,133 | (807) | 361 | (141) | |
| Retained earnings | 25,485 | 30,320 | 34,624 | 27,144 | |
| Total equity | 79,732 | 102,971 | 108,443 | 118,436 | |

Source: Annual Report and Appendix 4D

³ Plant and equipment only

Net assets of Webster have increased from approximately \$80 million in 2012 to approximately \$118 million at 31 December 2014. The increase over this period reflects primarily the capital raisings undertaken both in 2013 and in December 2014. The main assets of Webster comprise the properties together with the biological assets and water rights. We have adjusted the December 2014 balance sheet to reflect the values ascribed to these assets by CBRE and Colliers as well as to take into consideration the deferred tax liability on the uplift. The adjusted net assets at 31 December 2014 were \$119.1 million.

Our review of the balance sheet over the period indicated the following:

- Cash reduced in 2014 due to the monies spent on capital expenditure for the walnut facility.
- The increase in receivables and inventories as at 30 June 2014 is reflective of later than usual timing of walnut sales.
- The assets held for sale reflects the sale of the onion business.
- The increase in property, plant and equipment at 30 June 2014 reflects the new walnut processing facility whilst the increase at 31 December 2014 reflects the Kooba aggregation acquisition.
- The increase in biological assets at 30 June 2014 reflects the new orchard establishment.
- The increase in water rights at December 2014 reflects the acquisition of the water rights as part of the Kooba aggregation acquisition.
- Intangibles comprise primarily contracts and goodwill.
- The borrowings relate primarily to seasonal facilities and had increased at 30 June 2014 due to the timing of walnuts inventory sales and customer receipts. The increase as at 31 December 2014 reflects the Kooba aggregation acquisition which was primarily funded via debt. We note that the reclassification from non-current to current reflected the fact that one of the bank facilities expires 31 December 2015. Subsequent to the half year end the bank has extended this facility to 28 February 2016.

4. Profile of Bengering

4.1 Brief Background

Bengering, formerly PrimeAg Australia Limited (PrimeAg), was previously an ASX listed Australian agribusiness which owned and operated agricultural land and water assets in northern New South Wales and eastern Queensland. Its main crops included cotton, wheat, sorghum and chickpeas.

On 30 August 2012, the Board announced a process to unlock value and return capital to the company's shareholders. This decision led to an extensive privatisation process. All properties were sold with the exception of Lower Box, Dodds, Lakeland Downs and Kurrajong Hills. The privatisation process included a scheme of arrangement for the divestment of the remaining assets held at 30 June 2013.

Shareholders of PrimeAg voted in favour of the scheme of arrangement and sale of the Emerald property aggregation in October 2013. The scheme of arrangement was subsequently approved by the Federal Court of Australia and implemented on 4 November 2013 and the Company was delisted from the ASX on the 12 November 2013. The remaining shareholders were AFF and Mr Robinson.

At this time all Directors who were in office at the time resigned and were replaced with the current directors discussed further below.

During November 2013, the company entered into option agreements to purchase the land and water assets of Bengering, Bullamon, Medgun and Rockless Park to expand the Garah aggregation which already included Lower Box and Dodds. Capital works of approximately \$3 million were completed. The purpose of the works was to integrate and augment the water reticulation and storage works on the newly aggregated properties.

In January 2014 the company entered into an agreement to lease, and an option to sell, the property at Kurrajong Hills. The lease is for a term of three years at which time the property will be sold to the lessee for \$4.59 million.

In July 2014 PrimeAg Australia Limited changed its name to Bengering Limited.

On 25 July 2014 the contract for the sale of water access licence (WAL) at Rockless Park signed on the 26 November 2013 was completed.

The company entered into a contract on the 2 October 2014 to acquire 650 megalitres (ML) of general security water entitlement for \$1.479 million. Settlement occurred in November 2014.

On 11 November 2014 the Company signed contracts for the purchase of Darling Farms including the water rights for a purchase price of \$32.7 million. Bengering expects the purchase to complete in mid-April 2015, prior to the completion of the First Proposed Transaction.

As at the date of this report, the properties owned/leased by Bengering comprise:

- Bengering aggregation in Garah, NSW, comprising:
 - Bengering;
 - Lower Box;
 - Bullamon;
 - Dodds;
 - Rockless Park; and
 - Medgun (currently leased from a third party, with an option to acquire for \$8 million including the water rights);
- Lakeland Downs in Condamine, QLD;
- Darling Farms in Bourke, NSW (currently leased pending settlement); and
- Kurrajong Hills (NSW) (leased to a third party with an option to sell).

Detailed information on the properties are contained within the CBRE valuation reports in Appendix 3 to the report. Summarised below are the size and values ascribed to each property:

Property Overview

| | Hectares | Water Entitlements ML | Property Valuation '000 | Water Rights '000 | Total Valuation '000 |
|--|----------|-----------------------------|-------------------------------|-------------------------|----------------------------|
| Bengerang Aggregation, Garah | *8,177 | 23,573 | \$34,227 | \$45,544 | \$79,771 |
| Lakeland Downs, Condamine | 1,684 | 2,040 | \$6,500 | - | \$6,500 |
| Kurrajong Hills** | 2,505 | - | \$4,590 | - | \$4,590 |
| | | | \$45,317 | \$45,544 | \$90,861 |
| Less value of Medgun *** | 724 | n/a | \$2,800 | \$5,200 | \$8,000 |
| Owned Assets | | | \$42,517 | \$40,344 | \$82,861 |
| Darling Farms, Bourke (under contract) | 15,771 | 32,556 | \$10,691 | \$21,666 | \$32,357 |
| Total | | | \$53,208 | \$62,010 | \$115,218 |

Source: CBRE report *includes approximately 724 hectares relating to Medgun which is currently leased but have an option to acquire ** value based on amount contained in the contract of sale *** CBRE did not separately disclose a value for Medgun, therefore we have used the purchase price in the contract of sale

4.2 Board of Directors

The current directors of Bengerang comprise:

Board of Directors

| Directors | Experience |
|---|---|
| David Robinson, Executive Chairman | Appointed Director and Chairman on 4 November 2013 on implementation of the scheme of arrangement. Mr Robinson has 30 years' experience in large irrigated and broad acre farming in the Moree district as Principal of Red Mill Pastoral Company and Moreton Pastoral Company. He was appointed Chairman of AFF in October 1999 and has been a Director since January 1999. He has also held the offices of Deputy Chairman of Cotton Australia Limited and Chairman of Webster. |
| Chris Corrigan, Non-Executive Director | Mr Corrigan was appointed non-executive Director on 17 January 2014. Mr Corrigan was Managing Director of Patrick Corporation Limited, Australia's largest stevedore company with interests in rail transportation and aviation from March 1990 to May 2006. Prior to that, he had a career with Bankers Trust spanning 20 years, including periods as Managing Director of Bankers Trust in Australia and for the Asia-Pacific region. Mr Corrigan was formerly a director of other listed companies including Consolidated Media Holdings and Crown Limited. He is currently also a director of Webster and Qube Holdings Limited. |
| Joe Robinson, Executive Director | Mr Robinson was appointed a Director on 4 November 2013 on implementation of the scheme of arrangement. Mr Robinson was appointed as a Director of AFF in 2008. He commenced work with the company in 1998 prior to which he worked with Bankers Trust. Mr Robinson has obtained over 20 years extensive broad acre cropping experience. He is currently the Chairman of the Gwydir Valley Irrigators Association, Chairman of the State Water Customer Service Committee and the Presiding Member of the Cotton Research and Development Corporation Selection Committee. |
| David Fitzsimons Non-Executive Director | Mr Fitzsimons was appointed a non-executive Director on 17 January 2014. Mr Fitzsimons has over 30 years of investment and finance experience. He joined the corporate finance division of Hill Samuel Australia in 1981. He became an executive Director of the listed investment company AFP Investment Corporation (AFP) in 1986 and in 1988 moved to the UK to manage AFP's investment in Gestetner plc. He was an executive Director of Gestetner plc until it was sold to Ricoh in 1993. Since that time he has been a Director of a number of companies in the UK and Australia in the media, publishing and retail sectors. |

| Directors | Experience |
|--|---|
| Joseph Corrigan, Alternate Director for Chris Corrigan | Mr Corrigan is the Managing Director of Omega Pictures an entertainment production company. Mr Corrigan holds a Bachelor and Masters in Creative Arts and has interests and experience in the agricultural industry particularly in wheat, canola and beef. Mr Corrigan is also an Alternate Director for Mr Chris Corrigan in Webster. |

Source: Bengerang Annual Report

4.3 Financial Performance

Given the significant change in the properties pre and post the Scheme of Arrangement, we do not consider it meaningful to incorporate the historical results. We have therefore focused on the results for the 2014 financial year, which includes approximately seven months post the Scheme of Arrangement, and year to date.

Income Statement

| | 30 Jun 14 \$'000 | 31 Dec 14 \$'000 |
|---|---------------------|---------------------|
| Revenue | 14,467 | 907 |
| Fair value of biological asset additions | 6,034 | 3,128 |
| Direct costs of production | (14,803) | (2,799) |
| Gross profit | 5,698 | 1,236 |
| Other revenue | 2,713 | 191 |
| Crop insurance recovery | 346 | - |
| Salaries and employee benefits expense | (2,356) | (556) |
| Repairs and maintenance | (1,151) | (426) |
| Fuel, oil and gas | (1,039) | (319) |
| Administrative expenses | (4,903) | (727) |
| EBITDA | (692) | (600) |
| Net financing | (295) | (367) |
| Depreciation and amortisation expense | (1,129) | (295) |
| Net gain on sale of property, plant and equipment | 5,038 | 24 |
| Earnings/(loss) before Tax | 2,922 | (1,237) |

Source: Financial statements and management accounts

- During 2014, 3,724 hectares of irrigated cotton were planted. The yield achieved was 11.2 bales per hectare for irrigated cotton and 1.7 bales per hectare for non-irrigated cotton. Key factors impacting the 2014 results were as follows:
 - an early hail storm which damaged 366 hectares or almost 10% of the plantings
 - there was an unusually hot dry summer
 - the season concluded with rainfall at harvest.
- The average price achieved for cotton including seed was \$570 per bale before quality penalties. The rainfall received at harvest caused the cotton to be downgraded due to poor colour. This resulted in a decrease in price of \$21 per bale (\$765,000 in total).
- A winter crop was also harvested and contributed \$320,000.
- The water requirement for the crop was historically high as a result of the hot dry conditions. Temporary water purchases (water used during the season) totalled \$4.278 million.
- The business generated a loss of \$0.7 million at the EBITDA level for 2014.
- In the six months to 31 December 2014, the business has suffered from a lack of water across the Bengerang properties resulting in only 7% of land being planted with cotton. Consequently the revenue and profitability of the company declined.

4.4 Financial Position

Summarised below is the balance sheet of Bengerang as at 30 June 2014 and as at 31 December 2014 together with a proforma balance sheet as at 31 December 2014 assuming the following:

- recapitalisation of Bengerang by way of a \$50 million equity raise comprising \$5 million cash, \$5 million in water rights to be transferred in (already included in the CBRE valuations), assignment of balance payable for Darling Farms of \$29.43 million and the assignment of a further \$10.57 million of liabilities as discussed in Section 1 of this report;
- revaluation of property and water rights to reflect the value ascribed by CBRE inclusive of Darling Farms;
- removal of \$3.5 million in other receivables relating to the deposit on Darling Farms; and
- removal of \$0.5 million in accruals for water use, no longer payable upon settlement of Darling Farms.

We have not made any adjustment for a deferred tax liability on the increase in value of the properties as there are sufficient capital losses in the company to offset any potential capital gain.

Balance Sheet

| | 30 Jun 14 \$'000 | 31 Dec 14 \$'000 | Proforma 31 Dec 14 \$'000 |
|--|---------------------|---------------------|---------------------------------|
| Cash and cash equivalents | 258 | 118 | 5,118 |
| Trade and other receivables | 3,866 | 3,936 | 436 |
| Inventories | 6,951 | 756 | 756 |
| Biological assets | 1,038 | 2,998 | 2,998 |
| Other assets | 169 | 141 | 141 |
| Total current assets | 12,282 | 7,949 | 9,449 |
| Available for sale financial assets | 2 | 2 | 2 |
| Land and buildings + property improvements | 33,823 | 36,716 | 53,208 |
| Plant and equipment | 3,359 | 3,222 | 3,222 |
| Water licences | 30,514 | 31,990 | 62,010 |
| Liabilities assumed by New Investors | - | - | 10,570 |
| Deferred tax assets | 2,190 | 3,967 | 3,967 |
| Total non-current assets | 69,888 | 75,898 | 132,979 |
| Total assets | 82,170 | 83,847 | 142,428 |
| Trade and other payables | 4,470 | 2,216 | 1,716 |
| Interest-bearing loans and borrowings | 2,793 | 3,962 | 3,962 |
| Provisions | - | 39 | 39 |
| Total current liabilities | 7,263 | 6,217 | 5,717 |
| Interest bearing loans and borrowings | 13,597 | 15,769 | 15,769 |
| Provisions | - | 11 | 11 |
| Deferred tax liabilities | 3,255 | 3,255 | 3,255 |
| Total non-current liabilities | 16,852 | 19,035 | 19,035 |
| Total liabilities | 24,115 | 25,252 | 24,752 |
| Net assets | 58,055 | 58,595 | 117,676 |
| Contributed equity | 74,985 | 74,986 | |
| Reserves | 2,139 | 2,139 | |
| Retained earnings/(accumulated losses) | (19,069) | (18,530) | |
| Total equity | 58,055 | 58,595 | |

Source: Financial statements and management accounts

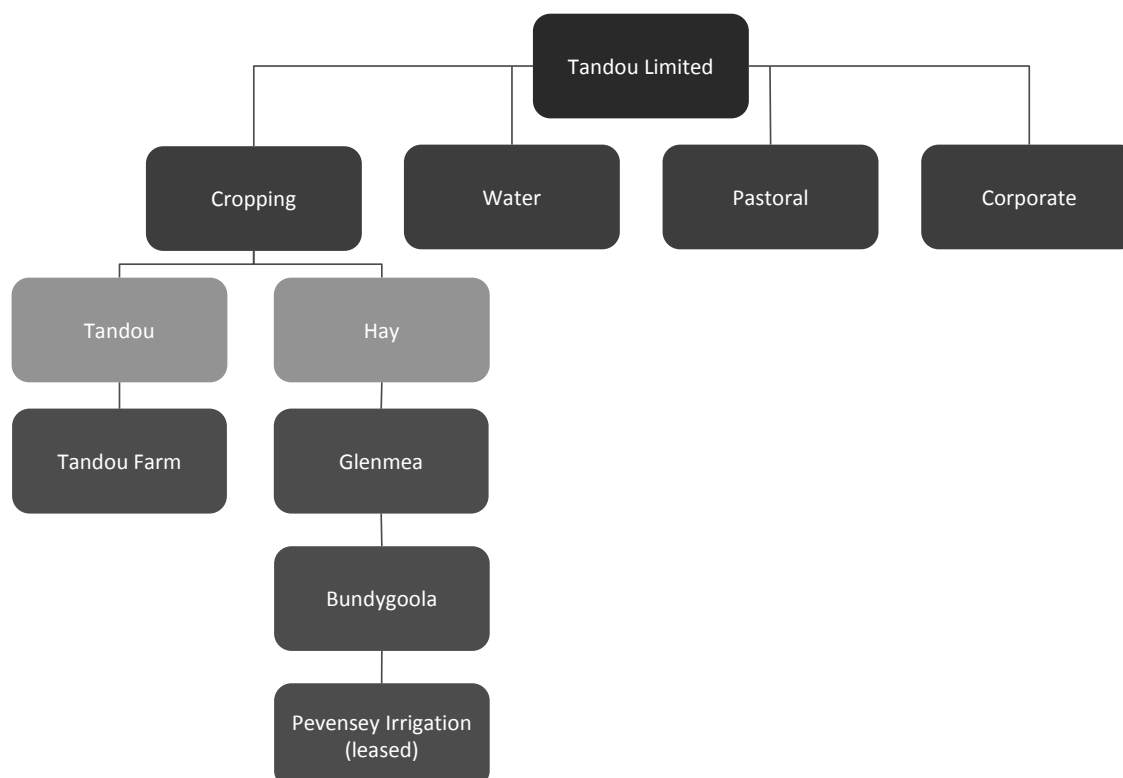
Net assets of Bengenang have remained fairly steady at approximately \$58 million. The proforma balance sheet estimates net assets at approximately \$118 million. This reflects primarily the property and water rights, which have been included based on the values ascribed to them by CBRE together with the capital raising of \$50 million.

5. Profile of Tandou

5.1 Brief Background

Tandou is an Australian water investment and agribusiness listed on the ASX. The business is predominantly involved in water investment and trading and large scale production of irrigated cotton and cereal crops, with smaller operations in other agribusiness commodities, including organic lamb production.

The operations can be represented as four distinct groups, being cropping, water, pastoral and corporate. The cropping business is the largest segment with two main operating sites grouping a number of properties: Tandou and Hay, which has been only recently purchased. This is illustrated below:



Tandou Farm has been part of Tandou since approximately 1972. The remaining properties were all acquired in the last few years, with Pevensey leased in August 2012, Glenmea acquired in January 2013 and Bundygoola acquired in January 2014.

5.2 Cropping

Both the Tandou and Hay properties, located in NSW, in Menindee and Hay respectively, are utilised for cropping. These properties comprise:

- **Tandou Farm** - The original operating site of Tandou Farm is located 142 kilometres south east of Broken Hill in NSW in the Menindee region. It has a total land size of 127,337 ha and is the predominant land site for crop cultivation. The primary crop at this site is cotton, grown during summer, with wheat and other cereal crops grown during winter when water entitlements allow.
- **Glenmea** - Located approximately 40 kilometres west of Hay, Glenmea is an irrigated property of 6,223 ha. It is primarily used for cropping of cotton and cereal products. The property has a developed access to the Murrumbidgee River that allows for pumping of irrigation water and developed water storage of 4,500 ML. The main row crop irrigation has been levelled to grade, has permanent head ditches, properly constructed tailwater drains with module pads and a reticulation system that enables retention of all tailwater.

- **Bundygoola** - Located approximately 60 kilometres west of Hay, Bundygoola, was an expansion of the Hay properties, with a total land size of 7,450 ha. Its primary use is for cotton and cereal cropping. As with Glenmea, the property has a developed access to the Murrumbidgee River and two developed water storage facilities with a combined capacity of 12,500 ML. The irrigation has been developed on a row crop basis, with all fields being lasered, as have head ditches and tail drains. The head ditches are of significant capacity and there is a tailwater reticulation system allowing for the retention of all tailwater and the catchment of smaller storm water events.
- **Pevensey Irrigation** - The first of the Hay area properties, Pevensey Irrigation was leased in August 2012 and has a total developed land area of 1,400 ha. The lease is for three years, commencing 15 August 2012 with two options for renewal periods of a further three years.

Summarised below are the values ascribed to each property by CBRE per Appendix 3:

| Property Valuation | | |
|---------------------------|-----------------|-----------------|
| | Hectares | '000 |
| Tandou Farm, Menindee | 127,337 | \$34,500 |
| Glenmea, Hay | 6,223 | \$6,360 |
| Bundygoola, Hay | 7,760 | \$9,210 |
| Pevensey Irrigation, Hay | 1,400 | \$240 |
| | 142,720 | \$50,310 |

Source: CBRE report

The principal crops grown by Tandou include:

- Upland cotton;
- Durum wheat (for use in pasta production); and
- Malting barley (for use in brewing).

These are grown in rotation to facilitate sustainable soil management and long term production. The rotation policy, coupled with permanent crop beds, reduced tillage, full crop residue retention and compost addition, actively increases soil carbon to above original levels, creating a more robust, sustainable cropping system for long term sustainability.

This diverse cropping portfolio spreads risk and allows Tandou to capitalise on market opportunities for particular crops, while maximising return per ML of water used.

Tandou's cotton gin is located on Tandou Farm. The cotton gin processes the seed cotton grown on the property into:

- baled lint ready for export to spinning mills;
- cotton seed for use in the stock feed industry; and
- cotton trash that is turned into compost on site and used in field as a soil conditioner.

The Tandou cotton gin is one of only three in Australia combining both a roller gin (eight stand) for Pima processing and a saw gin (two stand) for upland cotton processing. Tandou's cotton gin also has the latest cotton conditioning equipment to assist with the ginning process.

5.3 Tandou Water

Tandou owns a significant and diversified portfolio of water entitlements. Tandou invests in water entitlements for long term capital growth while retaining the option of using the allocation from these entitlements to:

- sell water allocations when demand and hence price is high; or
- crop production on its farm operations when demand and prices are low comparative to commodity returns.

The diversified portfolio includes significant water entitlements across the Lower Darling, Murray, Murrumbidgee and Goulburn systems. Summarised below are the values ascribed to the water rights by CBRE per Appendix 3:

Water Rights Valuation

| | ML | '000 |
|---------------|--------|----------|
| VIC Murray | 5,513 | \$9,810 |
| VIC Goulburn | 6,505 | \$11,690 |
| NSW Murray | 3,819 | \$6,250 |
| Murrumbidgee | 46,174 | \$41,240 |
| Lower Darling | 21,901 | \$18,000 |
| | 84,013 | \$86,990 |

Source: CBRE report

Tandou operates in the Murray-Darling Basin (MDB). The MDB encompasses an area of 1.06 million km² and extends over four states and the ACT. Water policy in the system is managed by the Murray-Darling Basin Authority (MDBA). The MDBA is responsible for around 12,500 gegalitres (GL) of water. Despite being one of the largest entitlement holders in NSW, Tandou's water holdings account for 0.6% of this total. Various state and regional bodies manage the physical assets of the system. The MDBA reviews individual state water resource plans and their impact on the basin as a whole.

Tandou's entitlements portfolio and farming operations fall within the Murray Connected Basin region—the Southern Basin. Tandou can source water allocations from anywhere in this region for use on its crops. This is the same for all water users in the region. Water can be traded upstream by letting less water through the lock system. However, regardless of the region from which its allocations are sourced, Tandou is reliant on there being physical water in the Menindee Lakes to draw on to irrigate its crops.

The cotton industry accounts for approximately 15% of total water use in agriculture in Australia. Cotton's average irrigation requirement is approximately 10-11 ML/ha in southern growing regions. Tandou's cotton crop needs a certain amount of irrigation to grow and thus the size of the planted area is dependent on water levels in the Menindee Lakes System to the north of Lake Tandou. Statistically, the Menindee Lakes System has been capable of supporting a cotton crop at Lake Tandou 80% of the time.

Since the Lakes are the only major storage point along the Darling River, control reverts back from the Murray-Darling Basin Authority to the NSW government when storage levels fall below 480GL (lower bound) and get transferred back when storages reach 640GL (upper bound). Currently, storages are at 236GL. Although stated capacity of the lakes is 1,731GL, this can be surcharged to 2,050GL.

5.4 Tandou Pastoral

Until recently, Tandou Pastoral had established itself as one of the largest organic lamb producers in Australia. It has a flock of Dorper ewes which are continuously being developed to achieve a pure breed. LAMBPLAN Australian Sheep Breeding Values are used in ram selection to assist in maintaining genetic integrity and allow Tandou to determine the selection criteria required to maximise fertility and lamb growth potential.

The organic market is increasing in Australia and is well established in the United States and Europe. Tandou is attracting a premium for its organic lamb and currently supply abattoirs in Australia which service the domestic and United States markets. Tandou is certified through Australia Certified Organic as part of the Biological Farmers Association.

Management has made the decision to downsize its pastoral operations however due to the dry conditions of the main pastoral operation at the Keewong and Paddington leased properties.

5.5 Board of Directors

The current directors of Tandou comprise:

| Board of Directors | |
|--|--|
| Directors | Experience |
| Rob Woolley Non-Executive Chairman | Mr Woolley joined the Tandou Board in 2007 and became Chairman in January 2011. He was previously the Managing Director of Webster following 20 years as a partner of Deloitte. Current non-executive directorships include: Forestry Tasmania, Bellamy's Australia Ltd (Chairman) and Freycinet Coast Financial Services Ltd (Chairman). |
| Guy Kingwill Chief Executive Officer & Managing Director | Mr Kingwill was appointed Chief Executive Officer and Managing Director of Tandou in 2006 after starting with the company in 2005 in the role of Chief Financial Officer. Mr Kingwill has experience in international management and corporate finance, attained through senior management roles with Bayer Chemical Corporation and Lanxess Corporation in the United States. |
| David Boyd Non-Executive Director | Mr Boyd has spent more than 50 years in the Australian agricultural industry and is a former Chairman and CEO of Clyde Agriculture. Prior to this Mr Boyd worked with Dalgety's for 28 years, including six years as General Manager of the Rural Division. Mr Boyd has served on the Boards of Cotton Australia, Wool International, and Australian Wool Innovation Limited. |
| Rodger Finlay Non-Executive Director | Mr Finlay is the Deputy Chairman of Rural Equities Limited, which is currently a 7.3% shareholder of Tandou. Mr Finlay is also an Independent Director of New Zealand Oil and Gas Ltd, Mundane Asset Management (Chairman) and Moeraki Limited. |

Source: Tandou Annual Report

5.6 Capital Structure

As at the date of this report Tandou had the following capital structure:

| Tandou Capital Structure | |
|---|----------------------|
| | Number |
| Fully paid ordinary shares | 196,850,209 |
| Partly paid ordinary shares (to 20 cents) | 125,000 |
| Partly paid ordinary shares (to 1 cent) | 40,000 |
| Options exercisable at \$0.26 | ⁴ 250,000 |

Source: Annual report

⁴ Options will be exercised upon 50.1% acceptance of the Second Proposed Transaction

The top 20 shareholders of Tandou as at 17 March 2015 comprised the following:

Top 20 Shareholders

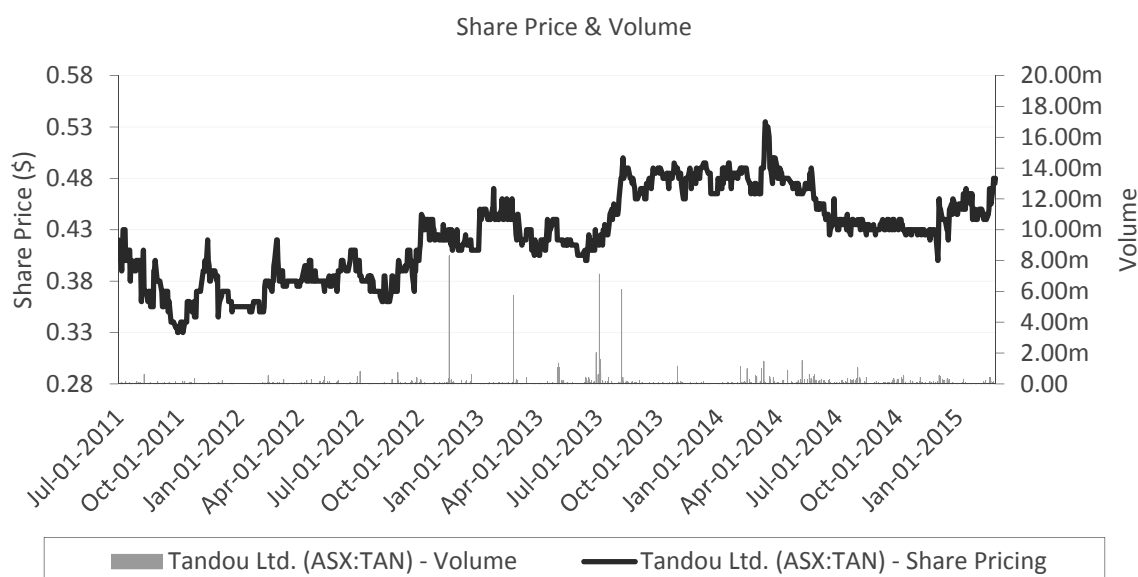
| Holder | Common Stock Equivalent Held | % |
|---|---------------------------------|-------|
| Eagle Securities Ltd | 19,685,000 | 10.00 |
| P F Agriculture Pty Ltd | 15,657,331 | 7.95 |
| Mr P Joy | 15,086,362 | 7.66 |
| Citicorp Nominees Pty Ltd | 14,594,918 | 7.41 |
| Mr A Sisson | 12,530,000 | 6.37 |
| Rel-Trust Management Limited | 12,508,939 | 6.35 |
| HSBC Custody Nominees (Australia) Limited | 8,112,053 | 4.12 |
| Ashfield Farm Limited | 7,320,931 | 3.72 |
| J P Morgan Nominees Australia Limited | 6,191,146 | 3.15 |
| LBPC Investments Pty Ltd | 6,000,000 | 3.05 |
| Custodial Services Limited | 5,410,321 | 2.75 |
| Mr Z Lin | 5,264,831 | 2.67 |
| Taverners J Pty Ltd – Scanlon Foundation RC a/c | 3,603,949 | 1.83 |
| National Nominees Limited | 3,424,354 | 1.74 |
| Sandhurst Trustees Ltd – JMFG Consol a/c | 3,054,720 | 1.55 |
| BIA | 3,041,493 | 1.55 |
| Rubi Holdings Pty Ltd | 2,191,916 | 1.11 |
| Gwynvill Trading Pty Ltd. | 2,120,837 | 1.08 |
| RGH Holdings Limited | 1,861,718 | 0.95 |
| BNP Paribas Noms (NZ) Ltd | 1,831,317 | 0.93 |
| Top 20 Shareholders | 149,492,136 | 75.94 |

Source: Computershare

The top 20 shareholders hold approximately 76% of the total shares in Tandou. This tight shareholding explains the lack of liquidity in the shares. The largest shareholders are Mr Cushing and his related entities that together hold approximately 10.07% of the ordinary shares on issue and Eagle Securities Ltd who is the registered holder of approximately 10% of the company.

5.7 Liquidity Analysis

The chart below illustrates the share price and volume of trade from 1 July 2011 to 27 February 2015, being the date of the announcement.



The share price of Tandou has fluctuated since July 2011, with share prices ranging from 33 cents to 50 cents over the period to August 2013. The share price continued to fluctuate between 45 cents and 50 cents over the period to May 2014. In May 2014 the company raised capital through the issue of approximately 53.7 million shares at 47 cents per share to pay down the debt related to the acquisition of water entitlements together with the Bundygoola land as well as to fund general working capital needs. The shares traded quite steadily at around 44 cents for the remainder of the year before trending upwards in the last two months to 27 February 2015, with a VWAP of 48 cents.

The shares however have not been particularly liquid with only 76% of total shares traded over the last three and a half years. The table below summarises the volumes of trade over various periods:

Volume of trades

| Quarter ended | High(\$) | Low(\$) | VWAP(\$) | Last Price (\$) | Volume | % Traded |
|--------------------|----------|---------|----------|-----------------|------------|----------|
| 30-Jun-11 | 0.60 | 0.36 | 0.42 | 0.42 | 6,008,937 | 4% |
| 30-Sep-11 | 0.43 | 0.33 | 0.33 | 0.33 | 2,682,964 | 2% |
| 31-Dec-11 | 0.42 | 0.33 | 0.36 | 0.36 | 2,146,647 | 2% |
| 31-Mar-12 | 0.42 | 0.35 | 0.38 | 0.38 | 2,169,398 | 2% |
| 30-Jun-12 | 0.41 | 0.37 | 0.39 | 0.40 | 3,982,050 | 3% |
| 30-Sep-12 | 0.41 | 0.36 | 0.41 | 0.40 | 4,197,595 | 3% |
| 31-Dec-12 | 0.45 | 0.40 | 0.42 | 0.41 | 12,450,868 | 9% |
| 31-Mar-13 | 0.47 | 0.41 | 0.42 | 0.41 | 8,146,188 | 6% |
| 30-Jun-13 | 0.44 | 0.40 | 0.41 | 0.42 | 10,001,783 | 7% |
| 30-Sep-13 | 0.50 | 0.42 | 0.49 | 0.49 | 20,492,005 | 14% |
| 31-Dec-13 | 0.50 | 0.46 | 0.48 | 0.48 | 3,463,948 | 2% |
| 31-Mar-14 | 0.54 | 0.47 | 0.49 | 0.49 | 9,930,468 | 7% |
| 30-Jun-14 | 0.49 | 0.43 | 0.44 | 0.44 | 10,720,958 | 6% |
| 30-Sep-14 | 0.45 | 0.43 | 0.43 | 0.44 | 8,233,282 | 4% |
| 31-Dec-14 | 0.46 | 0.40 | 0.45 | 0.45 | 8,133,541 | 4% |
| 2 months to Feb-15 | 0.48 | 0.44 | 0.48 | 0.48 | 2,714,327 | 1% |
| | | | | | | 76% |

Source: Capital IQ

However, since the announcement Tandou's share price has increased significantly, increasing to a high of 65 cents by 13 March 2015. Volumes traded in the period from the announcement to 13 March 2015 was approximately 13.7 million shares.

5.8 Financial Performance

Summarised below is the historical income statement for the years ended 30 June 2012 to 30 June 2014 and for the six months ended 31 December 2014:

| Income Statement | | | | |
|--|------------------|------------------|------------------|------------------|
| | 30 Jun 12 | 30 Jun 13 | 30 Jun 14 | 31 Dec 14 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue | 49,144 | 65,716 | 68,680 | 40,219 |
| Cost of sales | (64,910) | (89,022) | (103,907) | (49,861) |
| Fair value of biological asset additions | 27,119 | 36,999 | 40,452 | 12,966 |
| Gross profit | 11,353 | 13,693 | 5,225 | 3,324 |
| <i>Gross profit %</i> | 23% | 21% | 8% | 8% |
| Other operating income | 1,230 | 1,393 | 2,620 | 890 |
| Administration expenses | 2,105 | 2,298 | 1,904 | 1,231 |
| Farm care and maintenance expenses | 2,468 | 3,267 | 2,879 | 1,843 |
| EBIT | 8,010 | 9,521 | 3,062 | 1,140 |
| Net financing costs | (982) | (912) | (2,028) | (842) |
| Establishment costs relating to Bundygoola acquisition | - | - | (422) | - |
| Impairment – PPE | - | - | (317) | - |
| Impairment reversal - non biological assets | 475 | - | - | - |
| Earnings before Tax | 7,503 | 8,609 | 295 | 298 |

Source: Annual Reports and Appendix 4D

Tandou generates the bulk of its revenue from trading water entitlements and temporary water allocations as well as selling crops and livestock.

EBIT from the water business increased from \$6.4 million in 2012 to \$7.3 million in 2013, having traded more than 25,000 ML of water entitlements during the period, including an unusually high sale of water to government. Farming operations EBIT increased from \$3.9 million in 2012 to \$4.2 million in 2013. This growth reflected record yields for both cotton and cereal crops having successfully harvested a record 7,105 hectares of cotton with production of approximately 72,000 bales, or 10.2 bales per hectare, and a total winter cereal harvest of 29,500 tonnes.

The 2014 financial year saw the expansion of the Hay operations with the acquisition of Bundygoola irrigation property and water entitlements. However despite this, earnings declined in the 2014 financial year. The water business reported EBIT of \$3.9 million, down from \$7.3 million in 2013 as the 2013 year had an unusually high level of sales. EBIT from the farming operations also declined from \$4.2 million to \$0.5 million reflecting very low cotton yields of approximately 7.5 bales per hectare. The low yields were a result of fluctuating weather conditions at a critical stage of the crop cycle. The impact of prolonged extreme heat in summer was exacerbated by cold conditions and rain events during the final growing period in late March and early April.

The water business has generated strong growth to 31 December 2014 with EBIT of \$4.8 million compared to \$1.6 million in the six months to 31 December 2013 with large sales of water entitlements in November. The farming business however has generated a loss in EBIT of approximately \$2.5 million compared to a positive EBIT of \$3.9 million in the same period in 2013. We have been advised that the six months to 31 December 2013 was unusually high due to a number of factors including higher cotton seed selling prices than had been utilised in the June 2013 SGARA calculation and reduced ginning costs. Furthermore, there was no cereal crop in the 6 months to 31 December 2014.

5.9 Financial Position

Summarised below is the balance sheet of Tandou as at 30 June 2012 to 30 June 2014 and as at 31 December 2014 as well as the adjusted balance sheet which has the land and buildings and water rights at the independent values ascribed by CBRE. In addition we have adjusted the payables to incorporate the amount owing for certain transaction costs as well as the cash injection from the exercise of the options assuming the Second Proposed Transaction proceeds.

Balance Sheet

| | 30 Jun 12 \$'000 | 30 Jun 13 \$'000 | 30 Jun 14 \$'000 | 31 Dec 14 \$'000 | Adjusted 31 Dec 14 \$'000 |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------------------|
| Cash and cash equivalents | 922 | 1,914 | 482 | 60 | 125 |
| Trade and other receivables | 2,748 | 11,304 | 9,303 | 5,026 | 5,026 |
| Inventories – agricultural | 25,476 | 36,416 | 27,093 | 1,284 | 1,284 |
| Inventories – water | 22,180 | 18,131 | 56,609 | 60,941 | 86,990 |
| Biological assets | 6,697 | 6,341 | 4,561 | 17,513 | 17,513 |
| Financial assets | 54 | 50 | 50 | 50 | 50 |
| Total current assets | 58,077 | 74,156 | 98,098 | 84,874 | 110,988 |
| Land and buildings | 28,300 | 34,678 | 58,388 | 58,411 | 50,310 |
| Plant and equipment | 4,647 | 7,257 | 6,395 | 6,929 | 6,929 |
| Loan receivable | 1,569 | - | 2,062 | 2,132 | 2,132 |
| Inventories - water | 1,882 | 1,919 | 2,084 | 2,084 | - |
| Total non-current assets | 36,398 | 43,854 | 68,929 | 69,556 | 59,371 |
| Total assets | 94,475 | 118,010 | 167,027 | 154,430 | 170,359 |
| Trade and other payables | 7,397 | 12,011 | 8,806 | 3,874 | 5,024 |
| Borrowings | 271 | 13,852 | - | 25,000 | 25,000 |
| Employee benefits | 648 | 759 | 884 | 964 | 964 |
| Current tax liability | - | - | - | 1,394 | 1,394 |
| Total current liabilities | 8,316 | 26,622 | 9,690 | 31,232 | 32,382 |
| Borrowings | 10,431 | 10,079 | 41,100 | 10,000 | 10,000 |
| Employee benefits | 48 | 75 | 108 | 135 | 135 |
| Deferred tax liabilities | - | 1,004 | 4,247 | 3,049 | 7,462 |
| Total non-current liabilities | 10,479 | 11,158 | 45,455 | 13,184 | 17,597 |
| Total liabilities | 18,795 | 37,780 | 55,145 | 44,416 | 49,979 |
| Net assets | 75,680 | 80,230 | 111,882 | 110,014 | 120,380 |
| Share capital | 74,400 | 74,400 | 98,754 | 98,754 | |
| Share option reserve | 31 | 31 | 31 | 31 | |
| Cash flow hedge reserve | 38 | - | - | - | |
| Asset revaluation reserve | - | - | 8,532 | 8,532 | |
| Retained earnings | 1,211 | 5,799 | 4,565 | 2,697 | |
| Total equity | 75,680 | 80,230 | 111,882 | 110,014 | |

Source: Annual Report and Appendix 4D

Net assets of Tandou have increased from approximately \$76 million in 2012 to approximately \$110 million at 31 December 2014. The increase over this period reflects primarily the capital raising undertaken in 2014 together with a revaluation of the assets which was taken to the asset revaluation reserve. The main assets comprise the properties together with the biological assets and water rights.

We have adjusted the December 2014 balance sheet to reflect the cash injection from the exercise of the options, the values ascribed to the land and buildings and water rights by CBRE, the transaction costs and the deferred tax liability arising from the net increase in value. The adjusted net assets at 31 December 2014 were approximately \$120 million.

Our review of the balance sheet over the period indicated the following:

- Tandou's most significant assets are land and water. Land is held in two key regions being Menindee (Tandou Farm assets) and more recently in Hay where significant purchases were made throughout the 2014 financial year. Water assets, as they are held largely for trading purposes, are classified as inventory for reporting purposes. Consequently the water assets are recorded at cost for reporting purposes and have not been fair valued. The increase in 2014 reflects the acquisition of 34.5GL of entitlements associated with the Bundygoola acquisition and other purchases during the financial year.
- Tandou's biological assets are also a key asset and comprise crops and livestock.
- Tandou's main liabilities comprise the borrowings with NAB. Tandou has a \$71.15 million facility with NAB. This has not been fully utilised as the company raised approximately \$25 million through a rights issue.

6. Valuation Methodology

6.1 Valuation Approach

Regulatory Guide 111 states that it is generally appropriate for an expert to consider using the following methodologies:

- the capitalisation of future maintainable earnings;
- the discounted cash flow method (DCF);
- the amount that would be available for distribution to security holders on an orderly realisation of assets;
- the quoted price for listed securities, when there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value, should 100% of the securities be available for sale; and
- any recent genuine offers received by the company for any business units or assets as a basis for valuation of those business units or assets.

Capitalisation of Future Maintainable Earnings

The capitalisation of future maintainable earnings methodology involves capitalising the estimated future maintainable earnings at a multiple which reflects the risk and opportunities of the business and the stream of income it generates.

In utilising this methodology, it is necessary to determine the appropriate income stream to value, such as:

- Operating Profit After Income Tax (PAT);
- Operating Profit Before Income Tax (EBT);
- EBIT; or
- EBITDA.

The selection of multiple is undertaken by reviewing either listed guideline company data or mergers and acquisition data.

In using the mergers and acquisition data, a review is undertaken of recent transactions of comparable businesses from which the implied earnings multiples are calculated. Multiples are then selected and applied to the subject entity to arrive at an indication of value. The multiples derived are based on an analysis of recent trades of entire companies and therefore reflect value for 100% of the business. However the data often available to determine the implied multiples is less transparent and often forecast data is not available. Furthermore, the price paid for an acquisition normally reflects the fact that there were synergies available to the acquirer. If the target's earnings were adjusted for these synergies, the effective multiple would be lower than that calculated using the actual earnings.

In using guideline company data, a portfolio of public companies is selected based on comparability of the subject company from which valuation multiples and other analytics are calculated. Multiples are then selected and applied to the subject entity to arrive at an indication of value. The multiples derived for guideline companies are based on share prices reflective of the trades of small parcels of shares. As such, they generally reflect multiples reflective of the prices at which portfolio interests change hands. That is to say, there is no premium for control incorporated within such pricing. The multiples may also be impacted by the level of liquidity in the particular stock.

Discounted Cash Flow

The discounted cash flow methodology has regard to the expected future economic benefits discounted to present value. This is considered appropriate where a forecast of future cash flows can be made with a reasonable degree of certainty. This approach is particularly relevant to the valuation of a business in its early growth stage but is equally applicable to any business with expectations of significant growth or with volatility in cash flows.

In undertaking the discounted cash flow methodology regard is generally had to:

- the projected future cash flows;
- an appropriate discount rate; and
- the perpetuity or terminal value, if any.

Asset Based Approach

The asset based approach determines the value of the business having regard to the market value of the underlying assets and liabilities thereof. This approach includes the following methodologies:

- going concern method;
- orderly realisation method; and
- liquidation method.

Under a going concern method, the value is derived by assessing the market value of every asset and liability on a going concern basis. This may include a premium to reflect the value of intangible assets not recorded on the balance sheet, if appropriate, to reflect market position, profitability and overall attractiveness of business. A net asset or cost based methodology is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (eg. Real estate holding companies).

The orderly realisation method has regard to the amount that would be distributed to shareholders on the assumption that the entity would be liquidated with the funds realised from the sale of its assets, after payment of all liabilities including realisation costs and taxes, being distributed to shareholders.

The liquidation method is based on the same principles except that in the orderly realisation method, the assets are realised in an orderly manner, whereas, the liquidation method assumes that the assets are sold within a shorter time frame.

Quoted Price

This approach looks at the value of the company having regard to the trades in the subject entity's own equity. There is no premium for control incorporated within such pricing and the pricing may also be impacted by the level of liquidity in the particular stock.

Recent Genuine Offers

Any recent genuine offers received by the company for any business units or assets may be used as a basis for valuation of those business units or assets or for assessing implied multiples which may be utilised when undertaking the capitalisation of future maintainable earnings approach.

6.2 Selection of Approach & Methodology

In valuing Webster (including and excluding Tandou) and Bengelang we have adopted an asset based methodology on a going concern basis as the primary approach. In adopting this approach we had regard to the following:

- rural assets tend to be transacted on a net asset basis;
- independent valuations have been obtained of the primary assets including the properties, orchards and water rights; and
- the earnings and cash flows of Webster, Tandou and Bengelang have historically been volatile partly due to the impact of factors outside the control of the management of each entity.

Further, as discussed earlier, the shares in Webster and Tandou have been illiquid and inactively traded. As such we do not consider the quoted price methodology to be appropriate. However given the volumes traded since the announcement, we have cross checked the values derived against the current share price. In addition we have had regard to recent transactions involving Webster shares.

7. Valuation

7.1 Value of Bengerang

Section 4.4 contains the balance sheet of Bengerang as at 31 December 2014 with net assets of approximately \$58.6 million. In addition it contains an adjusted balance sheet with net assets of approximately \$117.7 million that reflects the following:

- market value of the properties and water rights based on the independent valuations prepared by CBRE, inclusive of Darling Farms which is to be settled prior to the First Proposed Transaction;
- capital raising that is to be undertaken prior to the First Proposed Transaction proceeding;
- removal of \$3.5 million in other receivables relating to the deposit on Darling Farms; and
- an adjustment to accruals for the use of water that will no longer be payable.

We are not aware of any other adjustments that are required in order to derive the market value of the equity in Bengerang.

Having regard to the above we have derived a value for the equity in Bengerang in the order of \$117.7 million.

Bengerang currently has 54,540,000 ordinary shares on issue. However prior to the First Proposed Transaction proceeding it will be undertaking a capital raising with the issue of a further 36,940,991 ordinary shares, increasing the total shareholding to 91,480,991. This derives a value per Bengerang share as follows:

| Value per Bengerang Share | |
|---|------------|
| Equity Value of Bengerang (\$'000) | 117,676 |
| Number of Shares (post capital raising) | 91,480,991 |
| Bengerang Share Value | \$1.29 |

This compares to the capital raising that is to be undertaken in Bengerang prior to the First Proposed Transaction at a price of \$1.35 per share.

7.2 Value of Tandou

Section 5.9 contains the balance sheet of Tandou as at 31 December 2014 with net assets of approximately \$110 million. In addition it contains an adjusted balance sheet with net assets of approximately \$120.4 million that reflects the following:

- cash to be received upon the exercise of options upon the Second Proposed Transaction becoming unconditional;
- market value of the properties and water rights based on the independent valuations prepared by CBRE;
- accrual for transaction costs; and
- an adjustment to for deferred tax liability arising from the above adjustments.

We are not aware of any other adjustments that are required in order to derive the market value of the equity in Tandou.

Having regard to the above we have derived a value for the equity in Tandou in the order of \$120.4 million.

As stated previously, the Tandou capital structure is as follows:

| Tandou Capital Structure | |
|---|----------------------|
| | Number |
| Fully paid ordinary shares | 196,850,209 |
| Partly paid ordinary shares (to 20 cents) | 125,000 |
| Partly paid ordinary shares (to 1 cent) | 40,000 |
| Options exercisable at \$0.26 | ⁵ 250,000 |

⁵ Options will be exercised upon 50.1% acceptance of the Second Proposed Transaction

The number of equivalent fully paid shares, assuming the partly paid shares are converted to fully paid shares on a proportional basis, is 197,125,609⁶. As the equity value of Tandou has been derived using an asset based approach, a control premium is not warranted as the value derived reflects 100% ownership.

This ascribes a value per Tandou share as follows:

| Value per Tandou Share | |
|---|-------------|
| Equity Value of Tandou (\$'000) | 120,380 |
| Number of equivalent fully paid shares | 197,125,609 |
| Tandou Share Value on a fully diluted basis | \$0.61 |

The value derived for a Tandou share is substantially higher than the VWAP of the Tandou shares up to the date of the announcement, which in the lead up was approximately 48 cents. Given the illiquid nature of the shares, we do not consider the trading price up to the date of the announcement to be reflective of its market value.

Since the announcement however the share price had risen to a high of 61 cents by 11 March 2015, with the volumes traded increasing significantly. The more recent trading price is more closely aligned to the net asset value of the company.

7.3 Value of Webster

Section 4.9 contains the balance sheet of Webster as at 31 December 2014 with net assets of approximately \$118.4 million. In addition it contains an adjusted balance sheet with net assets of approximately \$119.3 million that reflects the following:

- market value of the properties and water rights based on the independent valuations prepared by CBRE and Colliers; and
- an adjustment for deferred tax liability arising from the above.

We are not aware of any other adjustments that are required in order to derive the market value of the equity in Webster.

Having regard to the above we have derived a value for 100% of the equity in Webster in the order of \$119.3 million pre the First Proposed Transaction and pre the Second Proposed Transaction. As the equity value of Webster has been derived using an asset based approach, a control premium is not warranted as the value derived reflects 100% ownership.

Webster currently has 155,463,093 ordinary shares on issue. This ascribes a value per Webster ordinary share as follows:

| Value per Webster Share | |
|----------------------------------|-------------|
| Equity Value of Webster (\$'000) | 119,326 |
| Number of Shares | 155,463,093 |
| Webster Share Value | \$0.77 |

The share price of Webster is substantially higher than the value derived for Webster as is. In fact the company has been trading at substantially higher than its net assets for the last year, with the exception of July 2014 when the share price fell to approximately 85 cents. Given the illiquid nature of the shares, we do not consider the trading price up to the date of the announcement to be reflective of its market value.

Notwithstanding the above, we note the placement of 17,475,728 ordinary shares to AFF was undertaken at a price of \$1.03 per share in December 2014. Given the substantial size of this placement to AFF, we are of the opinion that the price at which the placement took place should be utilised as a measure of value.

Further, as discussed previously, it is proposed that the New Investors will be sold 34,289,152 shares in Webster as consideration for assuming liabilities of \$40 million in Bengerang. This ascribes an implied value

⁶ Sum of 196,850,209 ordinary shares, 250,000 options converted into ordinary shares, 125,000 partly paid shares to 20 cents converted 25,000 equivalent fully paid ordinary shares and 40,000 partly paid shares to 1 cent converted to 400 equivalent fully paid ordinary shares

to the equity in Webster of approximately \$1.17 per share. Given the size of this transaction, we are of the opinion that the price at which the issue is being undertaken should also be utilised as a measure of value.

In assessing the reasonableness of the above values, we have had regard to the implied EBITDA multiples utilising forecast EBITDA contained in the most recent broker report prepared by Bell Potter dated 10 March 2015. This has been summarised in the table below:

| Implied EBITDA Multiples | | | | |
|--|-------------|-------------|-------------|-------------|
| | 2014 | 2015 | 2016 | 2017 |
| Equity Value based on Net Asset Value (\$'000) | 119,326 | 119,326 | 119,326 | 119,326 |
| Debt net of Assets Held for Sale(\$'000) | 107,139 | 107,139 | 107,139 | 107,139 |
| Implied Enterprise Value (\$'000) | 226,465 | 226,465 | 226,465 | 226,465 |
| Historic and forecast EBITDA per broker reports (\$'000) | 14,200 | 21,000 | 30,400 | 30,700 |
| Implied EBITDA multiple | 15.9 | 10.8 | 7.4 | 7.4 |
| Equity Value based on placement to AFF (\$'000) | 160,127 | 160,127 | 160,127 | 160,127 |
| Debt (\$'000) | 107,139 | 107,139 | 107,139 | 107,139 |
| Implied enterprise value (\$'000) | 267,266 | 267,266 | 267,266 | 267,266 |
| Historic and forecast EBITDA per broker reports (\$'000) | 14,200 | 21,000 | 30,400 | 30,700 |
| Implied EBITDA multiple | 18.8 | 12.7 | 8.8 | 8.7 |
| Equity Value based on issue to New Investors (\$'000) | 181,892 | 181,892 | 181,892 | 181,892 |
| Debt (\$'000) | 107,139 | 107,139 | 107,139 | 107,139 |
| Implied enterprise value (\$'000) | 289,031 | 289,031 | 289,031 | 289,031 |
| Historic and forecast EBITDA per broker reports (\$'000) | 14,200 | 21,000 | 30,400 | 30,700 |
| Implied EBITDA multiple | 20.4 | 13.8 | 9.5 | 9.4 |

The forecast earnings incorporate the earnings from the Kooba aggregation as well as an uplift in the earnings from walnuts with the maturing of the crop. We do not consider the implied multiples unreasonable for an agricultural company.

The value of the properties, orchards and water rights have been valued by CBRE utilising a discounted cash flow model, and therefore should be reflective of its current underlying value. However, each of the property valuations has been undertaken on a standalone basis and is not necessarily reflective of the value of the properties to Webster on an aggregated basis. In contrast, the price at which the placement was undertaken to AFF in December 2014 and the price at which the shares are to be issued to the New Investors are likely to reflect the benefit to Webster of owning all of these properties.

Accordingly we are of the opinion that the value of a Webster share is in the order of \$1.03 to \$1.17 per share or \$160.1 million to \$181.9 million for the total equity

We note that the Bell Potter research report dated 10 March 2015 recommended a buy price of \$1.37 per share, implying an enterprise value of \$327.4 million. It is not clear how this value was derived particularly given the level of forecast free cash flow contained in the broker report. The forecast free cash flow (before dividend payments) was estimated to be \$8.8 million for 2015, negative \$3.4 million in 2016 and negative \$4.8 million in 2017. We have not utilised the pricing of the shares by Bell Potter in our determination of value

We have also undertaken a valuation of Webster assuming the various proposed transactions proceed. This derives a value as follows:

Equity Value of Webster

| | Low \$'000 | High \$'000 |
|---|----------------------|----------------|
| Value based on recent placement value at \$1.03: | | |
| As is | 160,127 | 160,127 |
| With Tandou | ⁷ 220,437 | 280,507 |
| With Bengerang | 277,803 | 277,803 |
| With Tandou and Bengerang | ⁷ 338,113 | 398,183 |
| Value based on issue to New Investors at \$1.17: | | |
| As is | 181,892 | 181,892 |
| With Tandou | ⁷ 242,202 | 302,272 |
| With Bengerang | 299,568 | 299,568 |
| With Tandou and Bengerang | ⁷ 359,878 | 419,948 |

This ascribes a value per share as follows:

Value per Webster Share

| | Placement Value Low \$'000 | Placement Value High \$'000 | Issue to New Investors Low \$'000 | Issue to New Investors High \$'000 |
|---|----------------------------------|-----------------------------------|---|--|
| Pre First Proposed Transaction & Pre Second Proposed Transaction | | | | |
| Equity Value of Webster | 160,127 | 160,127 | 181,892 | 181,892 |
| Number of Shares | 155,463,093 | 155,463,093 | 155,463,093 | 155,463,093 |
| Webster Share Value | \$1.03 | \$1.03 | \$1.17 | \$1.17 |
| Pre First Proposed Transaction & Post Second Proposed Transaction | | | | |
| Equity Value of Webster | 220,437 | 280,507 | 242,202 | 302,272 |
| Number of Shares | 199,356,395 | 243,074,475 | 199,356,395 | 243,074,475 |
| Webster Share Value | \$1.11 | \$1.15 | \$1.21 | \$1.24 |
| Post First Proposed Transaction & Pre Second Proposed Transaction | | | | |
| Equity Value of Webster | 277,803 | 277,803 | 299,568 | 299,568 |
| Number of Shares | 263,133,213 | 263,133,213 | 263,133,213 | 263,133,213 |
| Webster Share Value | \$1.06 | \$1.06 | \$1.14 | \$1.14 |
| Post First Proposed Transaction & Post Second Proposed Transaction | | | | |
| Equity Value of Webster | 338,113 | 398,183 | 359,878 | 419,948 |
| Number of Shares | 307,026,515 | 350,744,595 | 307,026,515 | 350,744,595 |
| Webster Share Value | \$1.10 | \$1.14 | \$1.17 | \$1.20 |

⁷ Assumes 50.1% acceptance by Tandou shareholders

8. Assessment of Fairness

8.1 Approach

Under RG111, the First Proposed Transaction will be considered fair to the non-associated Shareholders if the value of the consideration is equal to or less than the value of the equity in Bengerang; and the value per Webster share is greater post the First Proposed Transaction.

To assess whether the First Proposed Transaction is fair we have undertaken the following:

- determined the value of the consideration (both excluding and including the Second Proposed Transaction);
- compared the value of the equity in Bengerang to the proposed consideration; and
- considered the value per Webster share before and after the First Proposed Transaction.

The acquisition of the Cushing Interest and the Joy Interest will be considered fair to the non-associated Shareholders if the value of the consideration is equal to or less than the value of the Cushing Interest and the Joy Interest.

To assess whether the acquisition of the Cushing Interest and the Joy Interest is fair we have undertaken the following:

- determined the value of the Cushing Interest and the Joy Interest;
- determined the value of the consideration (both including and excluding the First Proposed Transaction); and
- compared the value of the consideration to the value of the Cushing Interest and the Joy Interest.

8.2 Assessment of Fairness – First Proposed Transaction

The consideration for the First Proposed Transaction comprises 107,670,120 ordinary shares in Webster for the 91,480,991 shares in Bengerang. This translates to approximately 1.177 shares in Webster for each share in Bengerang. Adopting the value range of \$1.03 to \$1.17 ascribes a value to the consideration as follows:

| Value of Consideration | | |
|---|--------|--------|
| | Low | High |
| Pre Second Proposed Transaction | | |
| Value of Webster Shares | \$1.03 | \$1.17 |
| Number of Shares to be Issued per Bengerang share | 1.177 | 1.177 |
| Value of Consideration | \$1.21 | \$1.38 |
| Post Second Proposed Transaction | | |
| Value of Webster Shares | \$1.11 | \$1.24 |
| Number of Shares to be Issued per Bengerang share | 1.177 | 1.177 |
| Value of Consideration | \$1.31 | \$1.46 |

The value ascribed to the shares in Bengerang as compared to the value of the consideration is summarised below:

| Assessment of Fairness – ASX Listing Rule 10.1 | | |
|--|--------|--------|
| | Low | High |
| Equity Value of Bengerang | \$1.29 | \$1.29 |
| Proposed Consideration – excluding Second Proposed Transaction | \$1.21 | \$1.38 |
| Proposed Consideration – including Second Proposed Transaction | \$1.31 | \$1.46 |

In addition we have also considered the value of Webster both before and after the First Proposed Transaction:

Value per Webster Share

| | Placement Value Low \$'000 | Placement Value High \$'000 | Issue to New Investors Low \$'000 | Issue to New Investors High \$'000 |
|---|----------------------------------|-----------------------------------|---|--|
| Pre First Proposed Transaction & Pre Second Proposed Transaction | | | | |
| Equity Value of Webster | 160,127 | 160,127 | 181,892 | 181,892 |
| Number of Shares | 155,463,093 | 155,463,093 | 155,463,093 | 155,463,093 |
| Webster Share Value | \$1.03 | \$1.03 | \$1.17 | \$1.17 |
| Pre First Proposed Transaction & Post Second Proposed Transaction | | | | |
| Equity Value of Webster | 220,437 | 280,507 | 242,202 | 302,272 |
| Number of Shares | 199,356,395 | 243,074,475 | 199,356,395 | 243,074,475 |
| Webster Share Value | \$1.11 | \$1.15 | \$1.21 | \$1.24 |
| Post First Proposed Transaction & Pre Second Proposed Transaction | | | | |
| Equity Value of Webster | 277,803 | 277,803 | 299,568 | 299,568 |
| Number of Shares | 263,133,213 | 263,133,213 | 263,133,213 | 263,133,213 |
| Webster Share Value | \$1.06 | \$1.06 | \$1.14 | \$1.14 |
| Post First Proposed Transaction & Post Second Proposed Transaction | | | | |
| Equity Value of Webster | 338,113 | 398,183 | 359,878 | 419,948 |
| Number of Shares | 307,026,515 | 350,744,595 | 307,026,515 | 350,744,595 |
| Webster Share Value | \$1.10 | \$1.14 | \$1.17 | \$1.20 |

In our opinion, having regard to the above analysis, on balance the First Proposed Transaction is fair to the non-associated Shareholders of Webster. In arriving at this opinion we had regard to the following:

- the value of the equity in Bengelang is greater than or within the value range ascribed to the consideration assuming the Second Proposed Transaction does not proceed; and
- the value of the equity in Webster post the First Proposed Transaction is in each scenario higher than or within the value range of a Webster share pre the First Proposed Transaction.

Whilst the consideration being offered for the shares in Bengelang, assuming the Second Proposed Transaction proceeds, is higher than the value of the equity in Bengelang, we are cognisant that the value of Bengelang has been determined on an as is basis and does not reflect the benefits that it is expected to bring to Webster by consolidating the Bengelang operations with that of Webster and possibly Tandou. On balance therefore, for the factors discussed above, we consider the First Proposed Transaction to be fair.

8.3 Assessment of Fairness – Acquisition of the Cushing Interest & the Joy Interest

Having regard to the value ascribed to Tandou, we have derived a value for the Cushing Interest and the Joy Interest as follows:

Value of the Cushing Interest & the Joy Interest

| | |
|--------------------------------------|--------------|
| Value of the Cushing Interest | |
| Value per Tandou Share | \$0.61 |
| Number of Shares | 19,829,870 |
| Value of the Cushing Interest | \$12,096,221 |
| Value of the Joy Interest | |
| Value per Tandou Share | \$0.61 |
| Number of Shares | 15,086,362 |
| Value of the Joy Interest | \$9,202,681 |

The consideration for the Cushing Interest and the Joy Interest is one share in Webster for each 2.25 shares in Tandou. Adopting the Pitcher Partners assessed range and assuming the Tandou offer is fully accepted, this ascribes a value to the consideration as follows:

Value of Consideration

| | Based on Net Asset Value | Based on Placement Value |
|---|--------------------------------|--------------------------------|
| Pre First Proposed Transaction & Post Second Transaction | | |
| Value of Webster Shares | \$1.11 | \$1.24 |
| Number of Shares to be Issued for the Cushing Interest & Joy Interest | 15,518,325 | 15,518,325 |
| Value of Consideration | \$17,225,341 | \$19,242,723 |
| Post First Proposed Transaction & Post Second Transaction | | |
| Value of Webster Shares | \$1.10 | \$1.20 |
| Number of Shares to be Issued for the Cushing Interest & Joy Interest | 15,518,325 | 15,518,325 |
| Value of Consideration | \$17,070,158 | \$18,621,990 |

The value ascribed to the shares in Tandou as compared to the value of the consideration is summarised below:

Assessment of Fairness – ASX Listing Rule 10.1

| | Based on Net Asset Value \$'000 | Based on Placement Value \$'000 |
|--|---------------------------------------|---------------------------------------|
| Value of the Cushing Interest and the Joy Interest | 21,299 | 21,299 |
| Value of Consideration: | | |
| - Assuming only Second Proposed Transaction proceeds | 15,518 | 15,518 |
| - Assuming First Proposed Transaction and Second Proposed Transaction proceeds | 17,070 | 18,622 |

As the proposed consideration for the acquisition of the Cushing Interest and the Joy Interest is less than the value of the Cushing Interest and the Joy Interest we consider that the proposed acquisition of the Cushing Interest and the Joy Interest is **fair** to non-associated Shareholders.

9. Assessment of Reasonableness

9.1 Approach

While ASIC Regulatory Guide 111 Content of Expert Reports provides that an offer which is fair will also be considered reasonable we have also considered other factors which should be brought to the attention of non-associated Shareholders.

9.2 Advantages

The advantages to non-associated Shareholders of the First Proposed Transaction and the Second Proposed Transaction, including the Cushing Interest and Joy Interest are as follows:

| Advantage | Explanation |
|--|---|
| Market size | The acquisitions of Bengorang and Tandou will complement the \$123 million purchase of the Kooba aggregation properties. The three transactions together (Kooba aggregation, Bengorang and Tandou) will result in Webster becoming one of Australia's larger cotton and irrigated cropping companies. |
| Efficient management | The properties are suitably located geographically to assist with more efficient management of its cropping operations. |
| Growth opportunities | The new properties will give Webster capacity for substantial growth in annual row cropping into the future. The properties further support the walnut orchard expansion. With such land holdings under its management, other high value horticulture crops may be considered by Webster. |
| Access and efficient management of water | <p>The sourcing and efficient management of water is a key ingredient for future success of both the walnut and cotton businesses. Webster already has substantial water assets and this asset base grows with these intended transactions.</p> <p>Tandou is one of the best water traders in the industry. The combination of Webster, Bengorang and Tandou solidifies the experience and knowledge bank in this area and positions Webster to manage its water requirements and land portfolio to maximise opportunities.</p> <p>Further the large properties will enable Webster to capture its own water through rainfall events.</p> <p>The transactions bring a mix of general and higher security water entitlements. As it develops its properties, the company has the flexibility to stream higher security water to its orchard estates and grow its cotton and annual cropping with a mix of lower security water entitlements.</p> |
| Improved financial position | On completion of the proposed transactions Webster will have a significantly larger market capitalisation and lower gearing (approximately 30%). |
| Improved liquidity | The increase in size of the shareholder base should assist with liquidity in the company's shares. |
| Reduced corporate overheads | The costs associated with the management and administration of two listed companies will be subsumed into the one entity, which should reduce the overall corporate overhead costs. |

9.3 Disadvantages

The disadvantages to non-associated Shareholders of the First Proposed Transaction and the Second Proposed Transaction, including the Cushing Interest and Joy Interest are as follows:

| Disadvantage | Explanation |
|--|---|
| Exposure to volatile earnings and cash flows | There is a risk that if there is no water that the company will have large land holdings but an inability to generate income either through crops or the trading of water. This will expose Webster to potential volatility in earnings and cash flows. |
| Foreign currency exposure | Most of the commodities are priced in US dollars. The AUD/USD exchange rate will have a bearing on the profitability of the Tandou and Bengierang operations. |

9.4 Assessment of the Reasonableness

In our opinion, after consideration of all issues including those set out above, it is our view, in the absence of any other information, that the First Proposed Transaction and the acquisition of the Cushing Interest and Joy Interest are **reasonable** to the non-associated Shareholders as at the date of this report.

Appendix 1: Glossary of Terms

| Term | Description |
|------------------------------------|--|
| Announcement Date | 27 February 2015 |
| \$ | Australian Dollars |
| AFF | Australian Food & Fibre Limited |
| AFSL | Australian Financial Services Limited |
| ASIC | Australian Securities and Investments Commission |
| ASX | Australian Securities Exchange Limited |
| Bengerang | Bengerang Limited |
| BIA | Belfort Investment Advisors Limited |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| Corporations Act | Corporations Act 2001 |
| DCF | Discounted Cash Flow |
| EBIT | Earnings Before Interest and Tax |
| EBITDA | Earnings Before Interest, Tax, Depreciation and Amortisation |
| First Proposed Transaction | Proposed acquisition of Bengerang by Webster |
| FOSL | Financial Ombudsman Service Limited |
| FSG | Financial Services Guide |
| GST | Goods and Services Tax |
| HSBC | HSBC Custody Nominees (Australia) Pty Ltd |
| Independent Directors | Independent directors of Webster |
| MIA | Merger Implementation Agreement |
| MDB | Murray-Darling Basin |
| MDBA | Murray-Darling Basin Authority |
| PAT | Operating Profit After Income Tax |
| PBT | Operating Profit Before Income Tax |
| PDS | Product Disclosure Statement |
| Pitcher Partners Corporate | Pitcher Partners Corporate Pty Ltd |
| PrimeAg | PrimeAg Australia Limited |
| RG | ASIC Regulatory Guide |
| Second Proposed Acquisition | Proposed acquisition of Tandou by Webster |
| Section 611 | Section 611 Item 7 of the Corporations Act |
| Shareholders | Shareholders of Webster |
| The Cushing Interest | Approximately 11.0% shareholding in Tandou held by entities associated with Mr David Cushing |
| The Joy Interest | Approximately 7.7% shareholding in Tandou held by entities associated with Mr Joy |
| Tandou | Tandou Limited |
| Vendors | Shareholders of Bengerang comprising AFF, Verolot and BIA |
| Verolot | Verolot Limited |
| VWAP | Volume Weighted Average Price |
| WAL | Water Authority Licence |
| Webster | Webster Limited |

Appendix 2: Sources of Information

In preparing this report we have had regard to the following sources of information:

- Annual audited financial statements for the three years ended 30 June 2014 together with the half yearly report for Webster;
- Annual audited financial statements for the three years ended 30 June 2014 together with the half yearly report for Tandou;
- Financial statements for the year ended 30 June 2014 and for the six months ended 31 December 2014 for Bengelang.
- Webster announcement dated 27 February 2015.
- Webster Group December 2014 Presentation.
- Copy of the Share Purchase Agreement.
- Copy of the MIA.
- Independent property valuations prepared by CBRE and Colliers.
- Capital IQ data in respect of share price trading and volumes.
- List of top 20 shareholders of Webster and Tandou.
- Copy of the due diligence report in respect of Tandou and Bengelang.
- Contracts of sale in respect to the various properties.
- Option agreements with respect to the various properties.

In addition to the above, we had regard to discussions held with the independent directors of Webster and to other discussions and responses to questions provided by management throughout the course of this engagement.

Appendix 3: CBRE Valuations

VALUATION REPORT

*Webster Limited,
Tandou Limited and
Bengerang Limited*

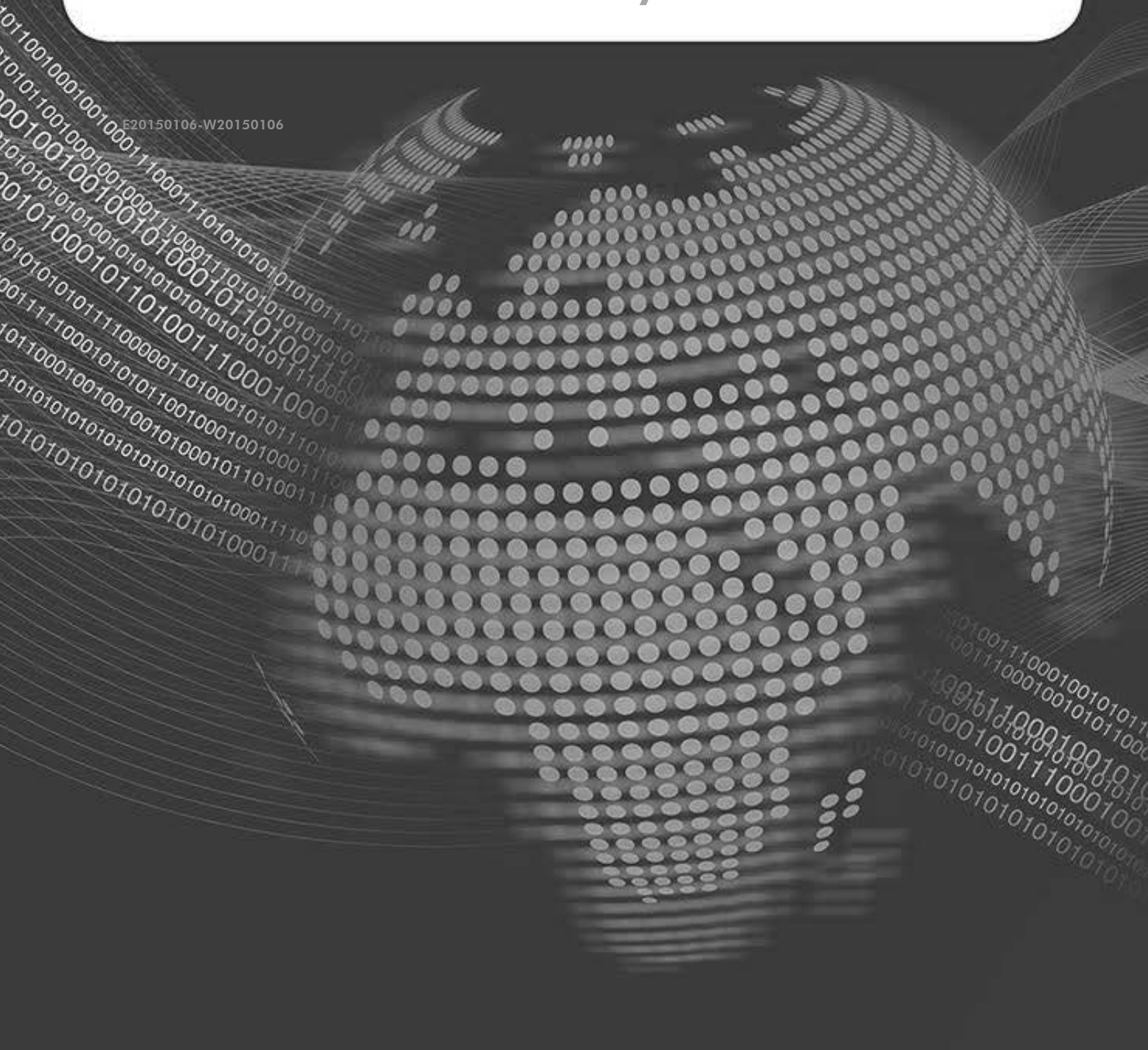
*Pitcher Partners Corporate Pty Ltd
Webster Limited*

Date of Valuation:

28 December 2014 - 5 February 2015

CBRE

E20150106-W20150106





CONTENTS

| | |
|--|-----------|
| 1. Valuation Synopsis..... | 4 |
| 1.1 Instructions | 4 |
| 1.2 Portfolio Overview..... | 4 |
| 1.3 Information Relied Upon | 5 |
| 1.4 Critical Assumptions..... | 6 |
| 1.5 Recommendations | 6 |
| 1.6 Assessment | 7 |
| 2. Reliance & Reporting | 8 |
| 2.1 Reliance & Liability | 8 |
| 2.2 Reporting | 8 |
| 2.3 Market Value Definitions | 8 |
| 2.4 Industry Practice | 9 |
| 2.5 Further Purpose & Scope of Report | 9 |
| 3. Individual Property Reports | 10 |
| 3.1 Introduction | 10 |
| 3.2 Title Details | 10 |
| 3.3 Zoning..... | 12 |
| 3.4 Structures..... | 12 |
| 3.5 Site Contamination Status | 12 |
| 4. Climatic Details..... | 13 |
| 4.1 Climatic Analysis..... | 13 |
| 5. Market Commentary | 20 |
| 5.1 Agribusiness Overview | 20 |
| 5.2 Subject Market | 27 |
| 6. Sales Evidence | 30 |
| 6.1 Introduction | 30 |
| 6.2 Horticultural Sales | 31 |
| 6.3 Southern New South Wales Irrigated Cropping Sales | 39 |
| 6.4 Northern New South Wales / Southern Queensland Irrigated Cropping Sales | 49 |
| 7. Valuation..... | 58 |
| 7.1 Introduction | 58 |
| 8. Qualifications | 59 |
| 9. Contact Details | 60 |

APPENDICES

| | |
|---|-----------|
| A. Copy of Letter of Engagement..... | 61 |
| B. Individual Property Reports..... | 63 |

1 VALUATION SYNOPSIS

1.1 Instructions

- Instructions:**
- Written instructions received from:
 - Ms Piera Murone, Pitcher Partners Corporate Pty Ltd, dated 24 December 2014.
 - Refer to Appendices.
- Valuation Request:**
- Current market value of:
 - Walnuts Australia, Tandou Limited and Bengerang Limited , Various Addresses, Tasmania, New South Wales and Queensland
- Reliance:**
(Reliant Party/Purpose & Basis of Valuation)
- Market Value - As Is - Subject to existing occupancy arrangements for the following Reliant Parties and Purposes respectively:
 - Pitcher Partners Corporate Pty Ltd for Independent Expert purposes only.
 - Market Value - As Is - Subject to existing occupancy arrangements for the following Reliant Parties and Purposes respectively:
 - Webster Limited for Independent Expert purposes only.
- CBRE Reference:**
- 1541030100002.
 - K:\Agrivals\@AGRI VALUATIONS\2015 Jobs\Project WEB\Project Web Report.docx

1.2 Portfolio Overview

- Brief Description:**
- *Webster Limited* features the Walnuts Australia portfolio of properties, which are located in both Tasmania and New South Wales. Swansea, Tasmania features the original walnut orchard as well as a smaller leasehold property at Cranbrook. In New South Wales there are two walnut orchards located at Leeton and Tabbita, both featuring drying and hulling facilities, with the Leeton property featuring a walnut processing facility. In addition there is a greenfield development site, "Avondale West", located at Tabbita, which is partially developed.
 - *Tandou Limited* features a portfolio of 4 properties as well as a significant parcel of southern connected Murray Darling Basin water entitlements. The largest property is an irrigated cotton and native grazing property located at Menindee, south-west New South Wales, with two irrigated cotton properties at Hay, as well as one leasehold irrigated cropping property at Hay. The water entitlements comprise a mix of Victorian Murray River and Goulburn River, New South Wales Murray River, Murrumbidgee River and Lachlan River water entitlements.
 - *Bengerang Limited* features a portfolio of three properties located in northern New South Wales and southern Queensland. The portfolio includes a large scale irrigated and dryland farm at Garah, via Moree, a large scale irrigated cotton property at Bourke on the Darling River and a smaller irrigated and dryland cropping property located at Condamine, Queensland.
- Interest Valued:**
- Freehold.
 - Leasehold (Western Lands Lease)
- Individual Reports:**
- The property descriptions and assessments for each property are contained in **Appendix B – Individual Property Reports**.

Summary:

- The following table provides a summary of the portfolio.

| Portfolio Summary | Title Area (ha) |
|--|------------------------|
| Walnuts Australia | |
| "Leeton Orchard", 148 Colinroobie Road, Leeton, NSW | 915 |
| "Tabbita Orchard", 1739 Tabbita Lane, Goolgowi, NSW | 979 |
| "Avondale West", Tabbita Lane, Tabbita, NSW | 1,036 |
| "Swansea Orchard", Tasman Highway, Swansea, TAS | 1,230 |
| "Cranbrook Orchard", Tasman Highway, Swansea, TAS | 73 |
| Sub Total | 4,234 |
| Tandou Limited | |
| "Bundygoola", Sturt Highway, Hay, NSW | 7,760 |
| "Glenmea", Sturt Highway, Hay, NSW | 6,223 |
| "Pevensey", Sturt Highway, Hay, NSW | 1,400 |
| "Tandou Farm", Pooncarie-Menindee Road, Menindee, NSW | 127,337 |
| Water Entitlements - Southern Connected Murray Darling Basin | NA |
| Sub Total | 142,720 |
| Bengerang Limited | |
| "Bengerang Aggregation", Carnarvon Highway, Garah, NSW | 8,177 |
| "Darling Farms", Hungerford Road, Bourke, NSW | 15,771 |
| "Lakeland Downs", Nelgai Road, Condamine, QLD | 1,684 |
| Sub Total | 25,632 |

1.3 Information Relied Upon

In assessing the Market Value of the abovementioned portfolios, we have relied upon the following information:

Webster Limited:

- As part of our engagement Webster Limited have provided a range of information in relation to the each of the portfolios. We have assumed such information is accurate and that all information and facts that may affect the valuation have been provided. We have not verified the information provided except to the extent specifically noted in this report. A summary of this information is outlined as follows:
 - Property Folders containing data on each property such as Certificates of Title documentation including land areas, farm maps, pump schedules, structural improvement schedules and water entitlement information.
 - Irrigated areas including recent land developments and areas planted to walnuts.

Bengerang Limited:

- The following information was provided by Bengerang Limited in relation to "Bengerang Aggregation" and "Darling Farms". A summary of this information is provided below.
 - Data on each property such as Certificates of Title documentation, farm maps, pump schedules, structural improvement schedules and water entitlement information.
 - Irrigated areas including recent land developments.

1.4 Critical Assumptions

Our valuation specifically assumes:

- Title:** ■ The lands are not subject to any encroachments or restrictions on title.
- Roads:** ■ The properties are unaffected by any road alteration proposals.
- Approvals/Permits:** ■ All Council approvals and permits have been obtained for existing/proposed development.

1.5 Recommendations

Prior to relying on the report, the Reliant Party is to obtain the following information/additional advice:

- Asbestos Report:** ■ Asbestos Report – refer to Asbestos Risk section for further details.

1.6 Assessment

Approach: Direct Comparison

Date of Inspection: 28 December 2014 - 5 February 2015

Date of Valuation: 28 December 2014 - 5 February 2015

Valuation: All valuation assessments below are exclusive of GST.

| Portfolio Summary | Valuation (Actual) | Valuation |
|---|----------------------|----------------------|
| Walnuts Australia | | |
| "Leeton Orchard", 148 Colinroobie Road, Leeton, NSW | \$39,900,000 | \$39,900,000 |
| "Tabbita Orchard", 1739 Tabbita Lane, Goolgowi, NSW | \$25,430,000 | \$25,430,000 |
| "Avondale West", Tabbita Lane, Tabbita, NSW | \$4,879,960 | \$4,880,000 |
| "Swansea Orchard", Tasman Highway, Swansea, TAS | \$8,430,000 | \$8,430,000 |
| "Cranbrook Orchard", Tasman Highway, Swansea, TAS | \$236,446 | \$240,000 |
| Total | \$78,876,406 | \$78,880,000 |
| Tandou Limited | | |
| "Bundygoola", Sturt Highway, Hay, NSW | \$9,210,000 | \$9,210,000 |
| "Glenmea", Sturt Highway, Hay, NSW | \$6,362,708 | \$6,360,000 |
| "Pevensey", Sturt Highway, Hay, NSW | \$241,444 | \$240,000 |
| "Tandou Farm", Pooncarie-Menindee Road, Menindee, NSW | \$34,555,117 | \$34,500,000 |
| Water Entitlements - Southern Connected Murray Darling Basi | \$86,990,000 | \$86,990,000 |
| Total | 137,359,268 | 137,300,000 |
| Bengerang Limited | | |
| "Bengerang Aggregation", Carnarvon Highway, Garah, NSW | \$79,771,269 | \$79,750,000 |
| "Darling Farms", Hungerford Road, Bourke, NSW | \$32,356,410 | \$32,600,000 |
| "Lakeland Downs", Nelgai Road, Condamine, QLD | \$6,499,000 | \$6,500,000 |
| Total | \$118,626,679 | \$118,850,000 |

Summary of Conditional Terms: The valuation stated is subject to all content, issues, assumptions, disclaimers, qualifications and recommendations throughout the report (including but not limited to the Qualifications section). The report is prepared for the use of and reliance by the Reliant Party only and limited only to the Purpose specifically stated. No responsibility is accepted or assumed to any third party for the whole or any part of the report.

Prepared By: CBRE Valuations Pty Limited



Principal Valuer

Tim McKinnon B.Bus (Prop), AAPI
Certified Practising Valuer
Senior Director - Agribusiness



Valuer

Daniel Thomas B.Bus (Prop), FAPI
Certified Practising Valuer
Regional Director - Agribusiness

Property Inspection: Yes
Job Involvement: Valuer

Yes
Valuer

Liability limited by a scheme approved under Professional Standards Legislation

2 RELIANCE & REPORTING

2.1 Reliance & Liability

- Limited Liability:** ■ Liability limited by a scheme approved under Professional Standards Legislation.
- Reliance:** ■ This valuation is strictly and only for the use of the Reliant Party and for the Purpose specifically stated in Synopsis/Instructions.
- Confidentiality:** ■ This valuation is strictly confidential between CBRE and the Reliant Party.
- Transmission:** ■ Only an original valuation report received by the Reliant Party directly from CBRE without any third party intervention can be relied upon.
- Restricted:** ■ No responsibility is accepted or assumed to any third party who may use or rely on the whole or any part of the content of this valuation.
- Copyright:** ■ Neither the whole nor any part of the content of this valuation may be published in any document, statement, circular or otherwise by any party other than CBRE, nor in any communication with any third party, without the prior written approval from CBRE, and subject to any conditions determined by CBRE, including the form and context in which it is to appear.

2.2 Reporting

- Market Movement:** ■ This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movement or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above, we do not assume any responsibility or accept any liability in circumstances where this valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if the Reliant Party becomes aware of any factors that have any effect on the valuation.
- Valuer's Interest:** ■ We hereby certify that the Principal Valuer is suitably qualified and authorised to practise as a valuer; does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the property (including the parties with whom our client is dealing, including the lender or selling agent, if any); accepts instructions to value the property only from the instructing party.

2.3 Market Value Definitions

- Market Value Definition:** ■ In accordance with the International Valuation Standard, the definition of market value is:
"The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion."

2.4 Industry Practice

- Industry Practice:** ■ Our report is issued in accordance with the Australian Property Institute Valuation and Property Standards (ISBN 0-9975414-0-1) and International Valuation Standards (ISBN 978-0-9569313-0-6), subject to the assumptions detailed within this report. Where these are at variance, International Valuations Standards apply.

2.5 Further Purpose & Scope of Report

- Compliance Statement:** ■ This valuation has been performed in accordance with the International Valuation Standards 2011 and we confirm that:
- The signing valuer has prepared the valuation report on behalf of CBRE.
 - The valuer has concluded an objective and unbiased opinion of value.
 - The valuer has no material connection or pecuniary interest in the properties or the party commissioning the valuation.
 - The valuer is competent to undertake a valuation of an asset in this class and location. No one, except those specified herein has provided professional assistance in preparing this report.

3 INDIVIDUAL PROPERTY REPORTS

3.1 Introduction

Overview: ■ The valuation comprises 3 individual portfolios as per the list below:

| Portfolio Summary | Title Area (ha) | Use |
|--|-----------------|---------------------------|
| Walnuts Australia | | |
| "Leeton Orchard", 148 Colinroobie Road, Leeton, NSW | 915 | Walnut Orchard and |
| "Tabbita Orchard", 1739 Tabbita Lane, Goolgowi, NSW | 979 | Walnut Orchard |
| "Avondale West", Tabbita Lane, Tabbita, NSW | 1,036 | Walnut Orchard |
| "Swansea Orchard", Tasman Highway, Swansea, TAS | 1,230 | Walnut Orchard |
| "Cranbrook Orchard", Tasman Highway, Swansea, TAS | 73 | Walnut Orchard (Leased) |
| Sub Total | 4,234 | |
| Tandou Limited | | |
| "Bundygoola", Sturt Highway, Hay, NSW | 7,760 | Irrigated Cotton |
| "Glenmea", Sturt Highway, Hay, NSW | 6,223 | Irrigated Cotton |
| "Pevensey", Sturt Highway, Hay, NSW | 1,400 | Irrigated Cotton (Leased) |
| "Tandou Farm", Pooncarie-Menindee Road, Menindee, NSW | 127,337 | Irrigated Cotton and |
| Water Entitlements - Southern Connected Murray Darling Basin | NA | |
| Sub Total | 142,720 | |
| Bengerang Limited | | |
| "Bengerang Aggregation", Carnarvon Highway, Garah, NSW | 8,177 | Irrigated Dryland Farming |
| "Darling Farms", Hungerford Road, Bourke, NSW | 15,771 | Irrigated Cotton |
| "Lakeland Downs", Nelgai Road, Condamine, QLD | 1,684 | Irrigated Dryland Farming |
| Sub Total | 25,632 | |

- We have assessed a Market Value subject to the assumptions and methodology outlined within this report.
- Each property in the 3 portfolios has been inspected and therefore comprises a full valuation.
- The assessments for each property included are contained in **Appendix B – Individual Property Reports**.
- We provide the following summary of the individual property reports and the source of information contained therein.

3.2 Title Details

Title: ■ We have relied upon the title searches provided by Webster Limited (as described in **Section 1.3 – Information Relied Upon**) for each of the properties and have assumed that these titles are current for this valuation. Should further title searches be carried out which show discrepancies to those provided we reserve the right to review the valuation.

Encumbrances: ■ If there are any encumbrances, encroachments, restrictions, leases or covenants which are not noted in this report, they may affect our assessment. If any such matters are known or discovered, we should be advised and a review of our assessment sought.

Liens:

We have disregarded the presence of any mortgage or other financial liens pertaining to the property.

Caveats:

We have disregarded the presence of any caveats pertaining to the property.

**Site Survey Not
Provided:**

We have not undertaken measurements of title boundaries and are unable to confirm if any encroachments exist. We do not commission site surveys and a site survey has not been provided to us. We have assumed there are no encroachments by or on the property, and the Reliant Party should confirm this status by obtaining a current survey report and/or advice from a registered surveyor. If any encroachments are noted by the survey report, this valuation must not be relied upon before first consulting CBRE to reassess any effect on the valuation.

**Unregistered
Interests:**

We have assumed that there are no unregistered interests which may affect market value. In the event that the Reliant Party becomes aware of any further or pending easements, encumbrances or unregistered interests, this valuation must not be relied upon before first consulting CBRE to reassess any effect on the valuation.

3.3 Zoning

Zoning Information:

- We have relied upon information sourced from the respective planning authority for each Local Government Area and we note that all properties appear to have been developed in a manner which is an approved use pursuant to the relevant planning schemes.

Planning Information:

It is assumed that information provided to us by the relevant Local Authority Planning Department (and/or third party providers such as Anstat) accurately reflect the current planning scheme. In the event that a Planning Certificate or any other relevant planning information or document is obtained and the information is found to be different to the planning information in this report, this valuation must not be relied upon before first consulting CBRE to reassess any effect on the valuation.

3.4 Structures

Summary:

- Unless otherwise stated all structures listed in this section have been sighted by the valuer, however internal inspections were not possible due, in large part, to tenancies.

We Are Not Hazardous Material Experts:

Unless otherwise noted, we have assumed that the improvements are free of Asbestos and Hazardous Materials, or should these materials be present then they do not pose significant risk to human health, nor require immediate removal. It is assumed that information provided to us by the relevant Local Authority Planning Department (and/or third party providers such as Anstat) accurately reflect the current planning scheme. In the event that a Planning Certificate or any other relevant planning information or document is obtained and the information is found to be different to the planning information in this report, this valuation must not be relied upon before first consulting CBRE to reassess any effect on the valuation. .

We assume the site is free of subsoil asbestos and have made no allowance in our valuation for site remediation works.

Our visual inspection is an inconclusive indicator of the actual condition/presence of asbestos/hazardous materials within the property. We make no representation as to the actual status of the subject property. If a test is undertaken at some time in the future to assess the degree, if any, of the presence of any asbestos/hazardous materials on site and this is found to be positive, this valuation must not be relied upon before first consulting CBRE to reassess any effect on the valuation.

3.5 Site Contamination Status

Summary:

- Unless otherwise noted, no obvious environmental problems were apparent on inspection. However, no soil tests nor environmental studies or reports have been made available to us. Accordingly, the valuation is made on the assumption that there are no environmental problems in any way affecting the properties. This includes surface or below ground conditions, toxic or hazardous wastes or other building material hazards. Any such matters may adversely affect any property or its use and our assessment of value. Should any such matters be known or discovered no reliance should be placed on our assessment of value unless we have been advised of these matters and we have confirmed that our assessment is not affected.
- We do note the existence of chemical stores, above and below ground fuel tanks and cattle and sheep spraying areas, but advise that these facilities are common on rural properties and present localised contamination risk only.

4 CLIMATIC DETAILS

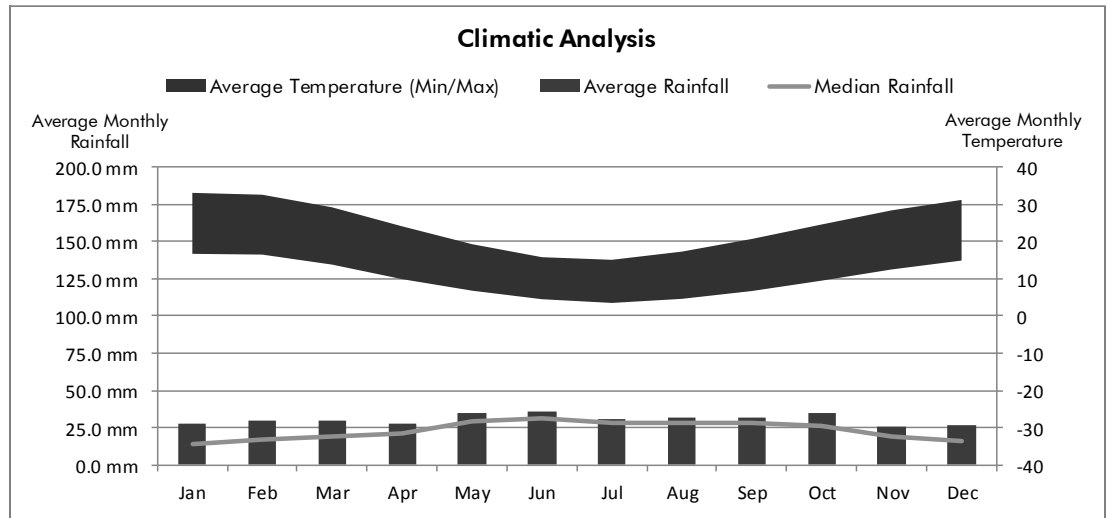
4.1 Climatic Analysis

- Overview:**
- Below are the nearest weather stations in relation to the subject properties.
 - Hay, NSW
 - Griffith, NSW
 - Bourke, NSW
 - Garah, NSW
 - Ourigilla, QLD
 - Swansea, TAS

4.1.1 Hay, NSW

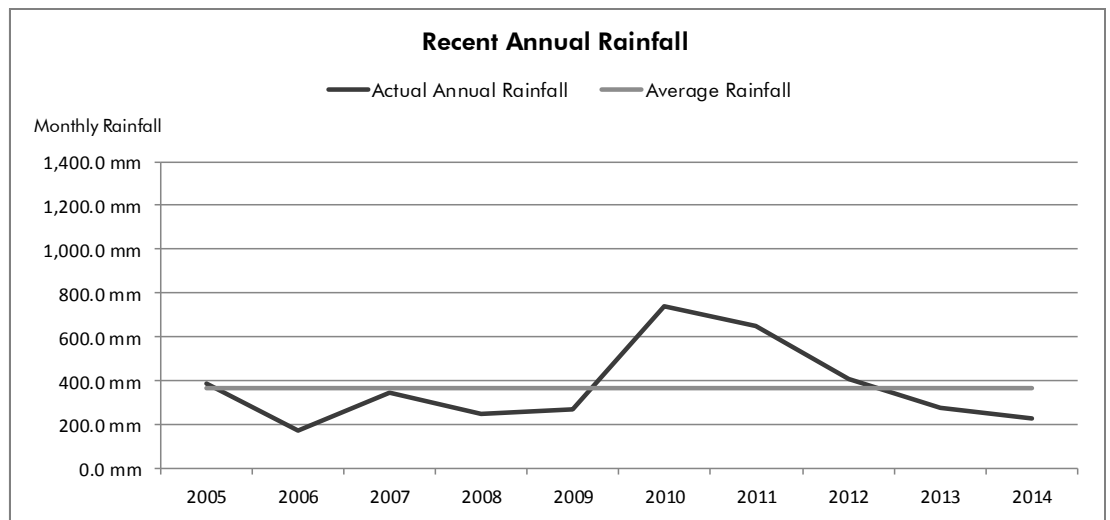
Temperature & Rainfall Overview:

- The Bureau of Meteorology weather station at Hay Miller Street has recorded an average rainfall of 367 mm per annum from 1877 to 2014.
- The chart below depicts the temperature and rainfall characteristics of the subject locality.



10 Year Rainfall History:

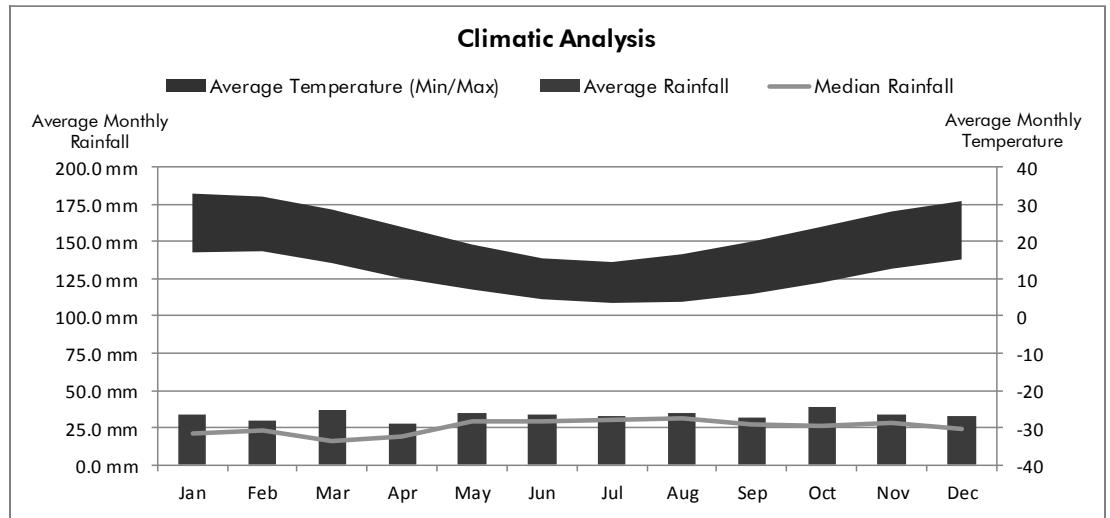
- In order to provide an indication of recent rainfall history for the subject locality, we have plotted the actual annual rainfall over the past 10 years against the corresponding long term annual average.



4.1.2 Griffith, NSW

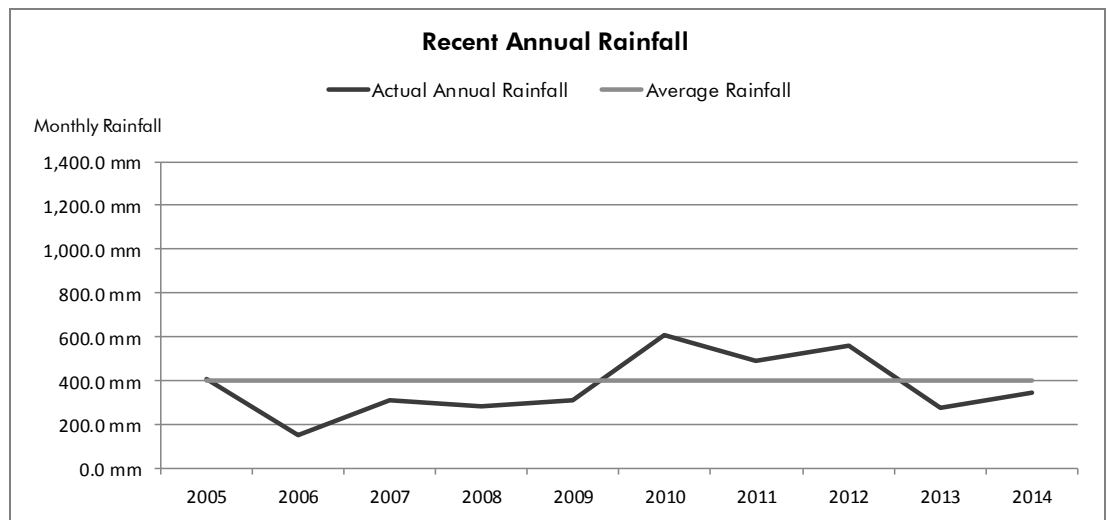
Temperature & Rainfall Overview:

- The Bureau of Meteorology weather station at Griffith Airport has recorded an average rainfall of 402 mm per annum from 1960 to 2014.
- The chart below depicts the temperature and rainfall characteristics of the subject locality.



10 Year Rainfall History:

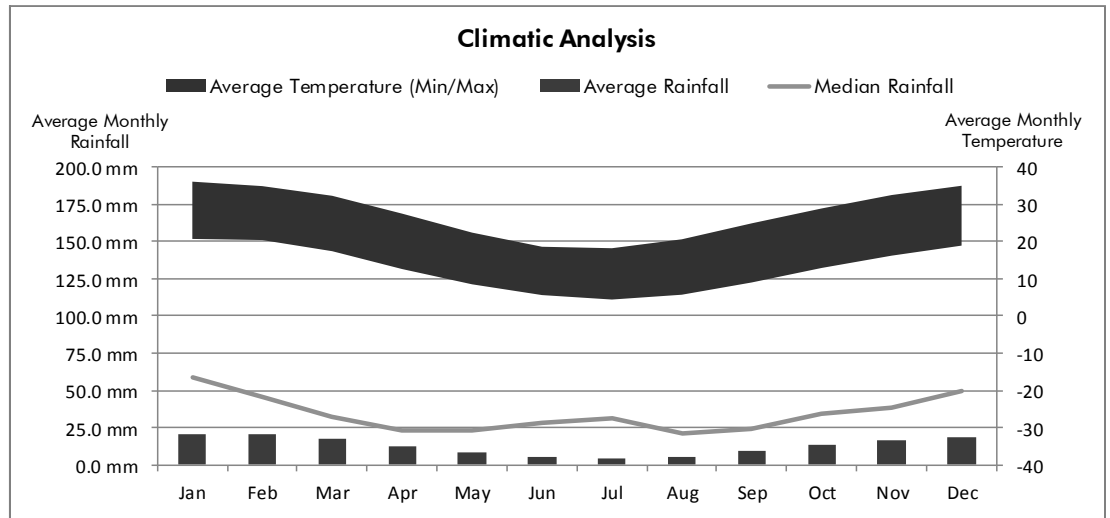
- In order to provide an indication of recent rainfall history for the subject locality, we have plotted the actual annual rainfall over the past 10 years against the corresponding long term annual average.



4.1.3 Bourke, NSW

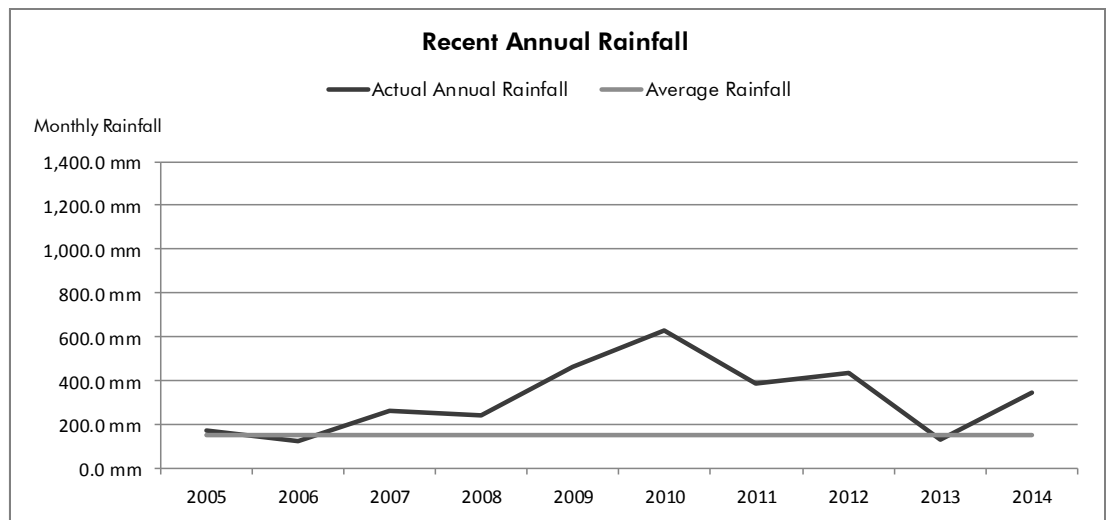
Temperature & Rainfall Overview:

- The Bureau of Meteorology weather station at Bourke Airport has recorded an average rainfall of 152 mm per annum from 1998 to 2014.
- The chart below depicts the temperature and rainfall characteristics of the subject locality.



10 Year Rainfall History:

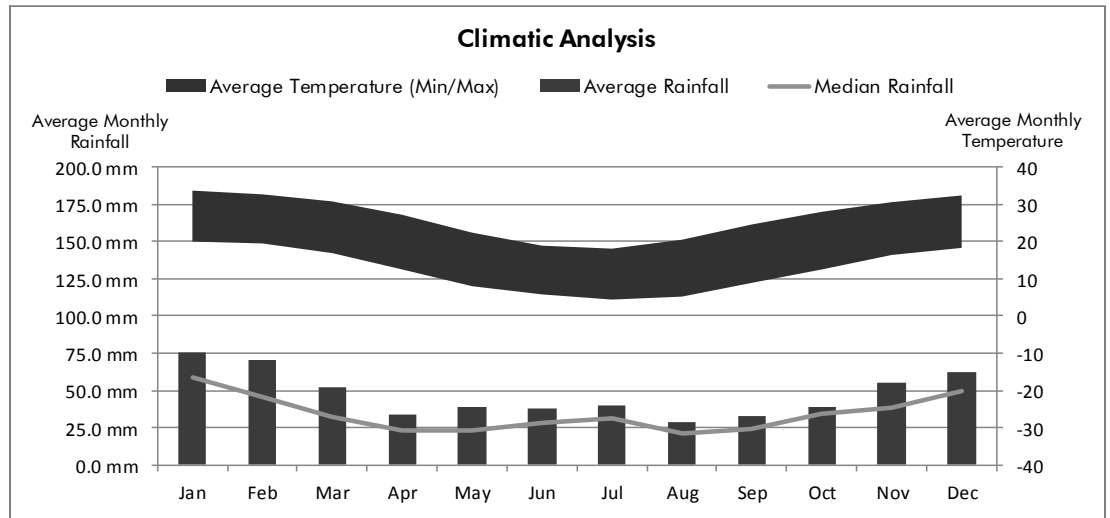
- In order to provide an indication of recent rainfall history for the subject locality, we have plotted the actual annual rainfall over the past 10 years against the corresponding long term annual average.



4.1.4 Garah, NSW

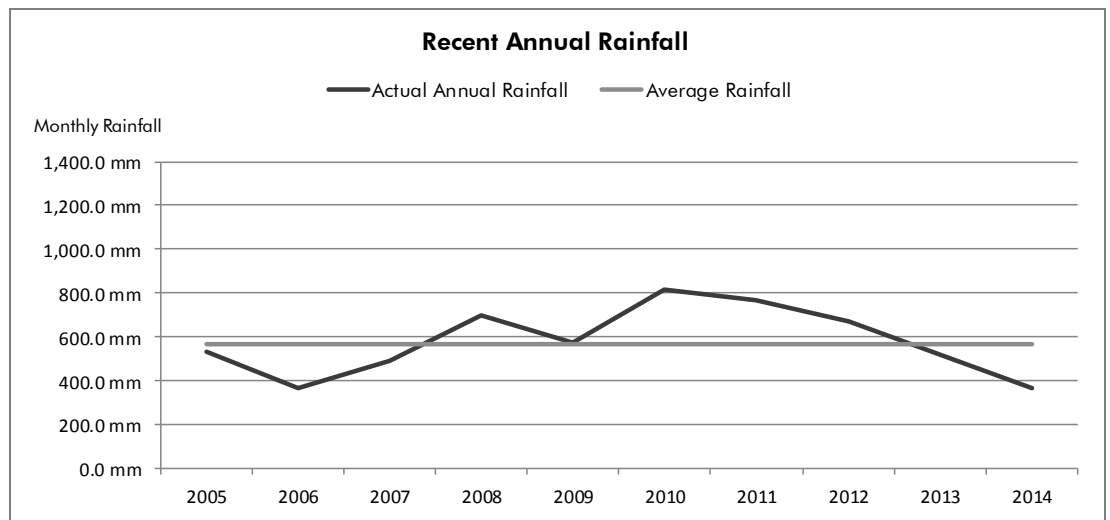
Temperature & Rainfall Overview:

- The Bureau of Meteorology weather station at Garah Post Office has recorded an average rainfall of 564 mm per annum from 1906 to 2014.
- The chart below depicts the temperature and rainfall characteristics of the subject locality.



10 Year Rainfall History:

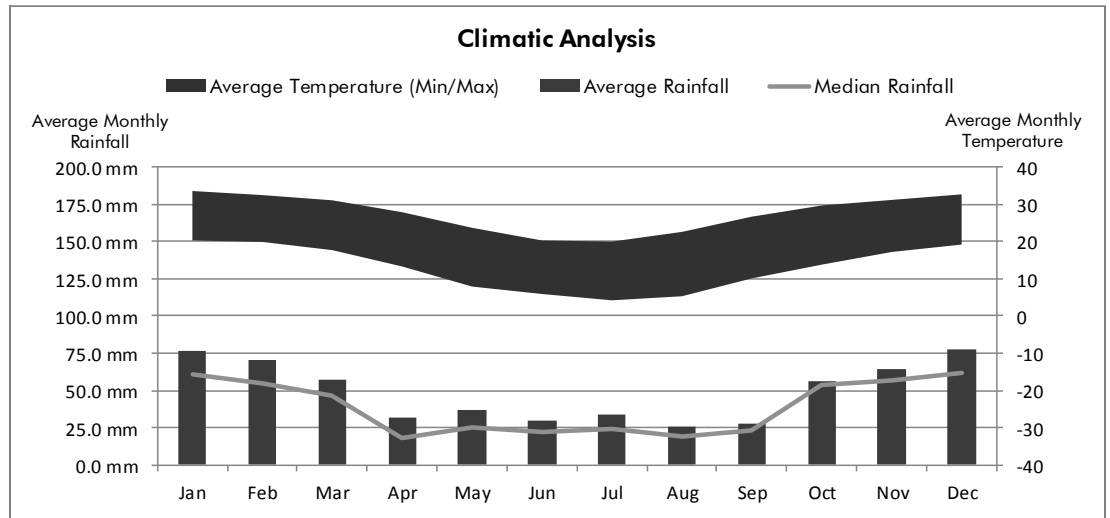
- In order to provide an indication of recent rainfall history for the subject locality, we have plotted the actual annual rainfall over the past 10 years against the corresponding long term annual average.



4.1.5 Ourigilla, QLD

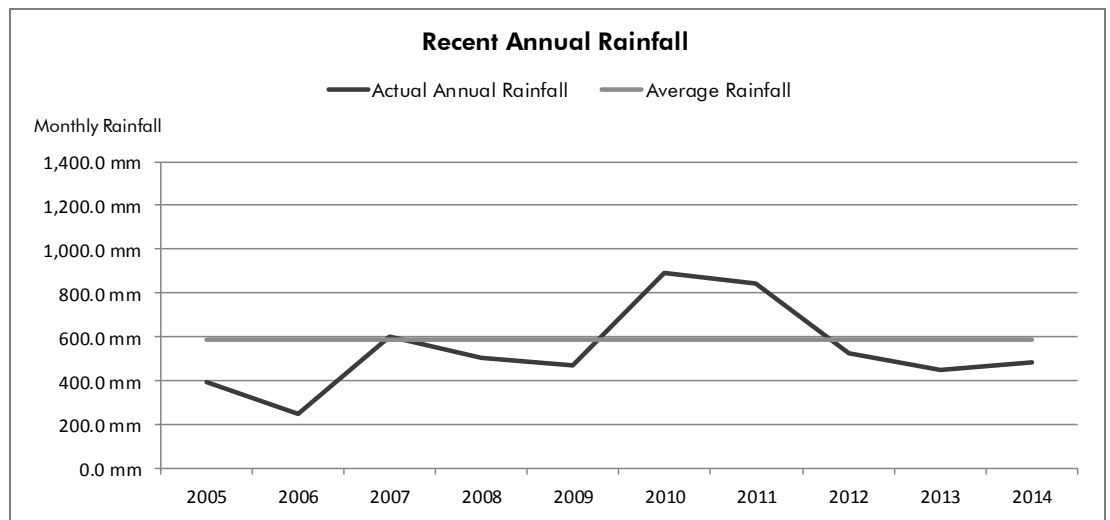
Temperature & Rainfall Overview:

- The Bureau of Meteorology weather station at Ourigilla has recorded an average rainfall of 584 mm per annum from 1931 to 2014.
- The chart below depicts the temperature and rainfall characteristics of the subject locality.



10 Year Rainfall History:

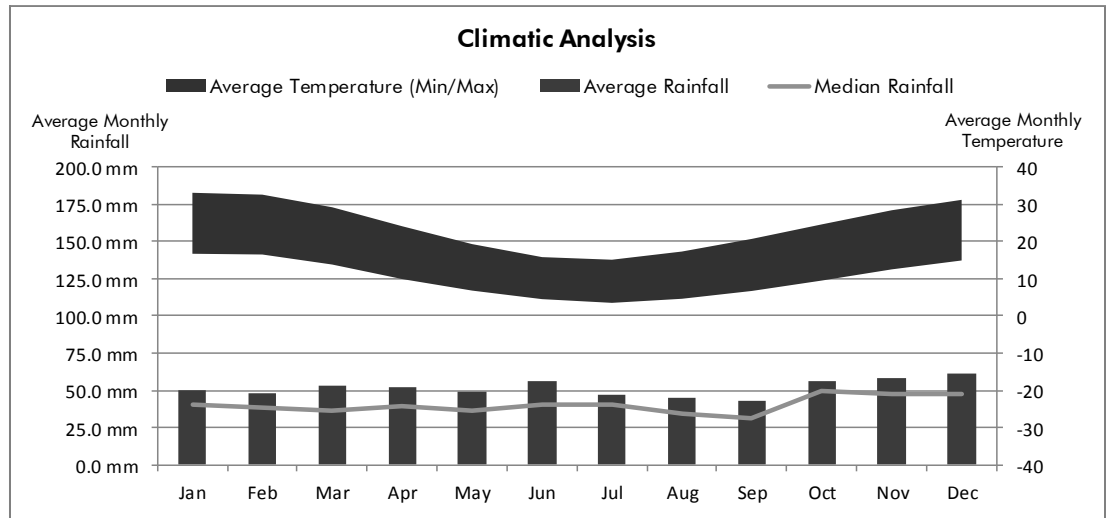
- In order to provide an indication of recent rainfall history for the subject locality, we have plotted the actual annual rainfall over the past 10 years against the corresponding long term annual average.



4.1.6 Swansea, TAS

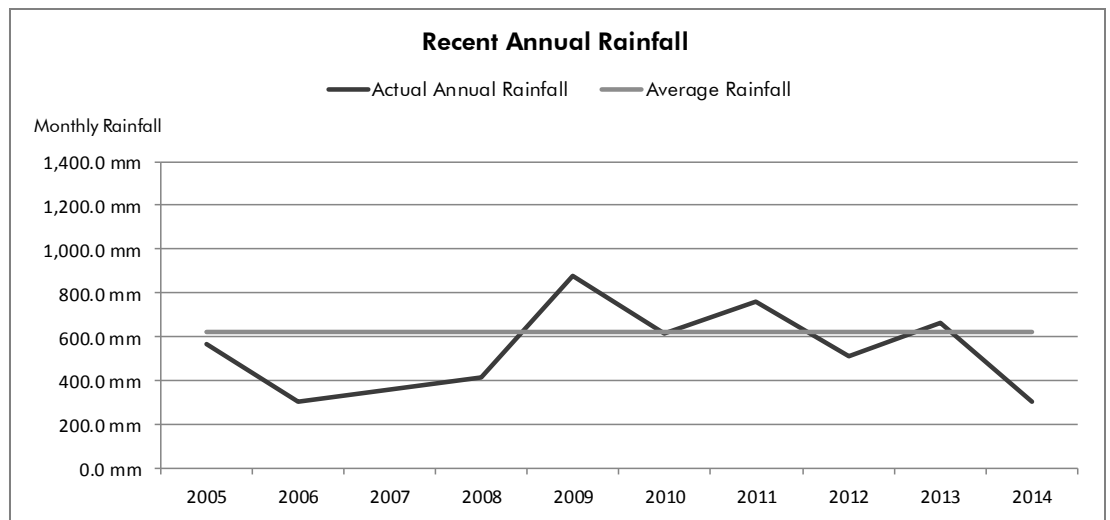
Temperature & Rainfall Overview:

- The Bureau of Meteorology weather station at Swansea (Dolphin Sands) has recorded an average rainfall of 618 mm per annum from 1997 to 2014.
- The chart below depicts the temperature and rainfall characteristics of the subject locality.



10 Year Rainfall History:

- In order to provide an indication of recent rainfall history for the subject locality, we have plotted the actual annual rainfall over the past 10 years against the corresponding long term annual average.



5 MARKET COMMENTARY

5.1 Agribusiness Overview

5.1.1 Seasonal Conditions & Outlook

Seasonal Conditions & Outlook:

Source: Australian
Bureau of Meteorology

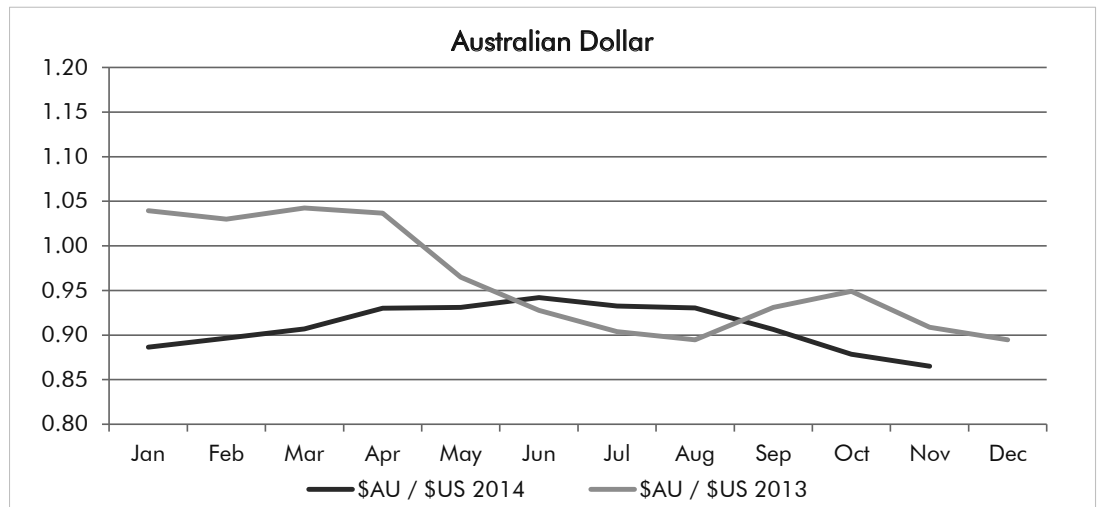
- Total rainfall across Australia in November was 22% below the long term average. Rainfall was below average throughout the eastern States and across the Top End, but above average across Western Australia and parts of western Queensland. Much of far northern Queensland and northern Tasmania recorded monthly totals in the lowest 10% of records.

| | Average November Rainfall | Departure From Long Term Average |
|--------------------|---------------------------|----------------------------------|
| Queensland | 19mm | -58% |
| New South Wales | 21mm | -54% |
| Victoria | 39mm | -26% |
| Tasmania | 62mm | -40% |
| South Australia | 13mm | -15% |
| Western Australia | 31mm | +75% |
| Northern Territory | 32mm | -23% |

- November was another very warm month for Australia with the average maximum temperature the warmest on record and the average minimum temperature the third-warmest on record.
- A drier than normal October to December is more likely for most of Queensland, eastern and northern NSW, central NT and northern parts of WA. Conversely, the odds are favouring a wetter than normal period for most of Tasmania.
- A drier than normal summer is more likely over the Kimberley region of Western Australia, the Northern Territory, Queensland, northern and eastern South Australia, New South Wales, and eastern Victoria.
- Over southern Tasmania, a wetter than usual summer is slightly more likely. Elsewhere, the chances of a wetter or drier summer are roughly equal.
- Climate influences include El Niño-like conditions in the tropical Pacific Ocean region, and average to cooler than average waters surrounding northern Australia.

5.1.2 Currency

- Australian Dollar:**
- The Australian Dollar has continued its downward trend against the US dollar for the past 3 months trading at levels between \$US0.86 and \$US0.88. This trend has continued with the dollar dropping further and trading within the range of \$US0.82 to \$US0.84 for the first part of December.



Source: Reserve Bank of Australia

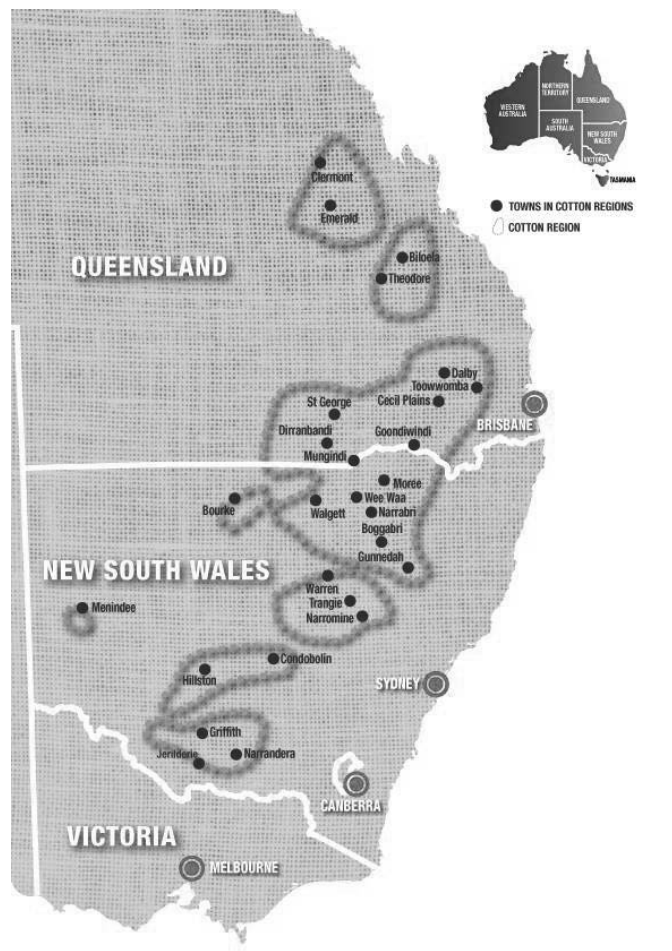
- The weakening Australian dollar is largely considered positive for most Australian agribusinesses and commodities as it enhances our export competitiveness.

5.1.3 Australian Cotton Market Commentary

Overview:

Source: Cotton
Australia

- Cotton production in Australia is largely concentrated in Queensland and New South Wales and largely within the Murray Darling Basin.



- Queensland's main production areas are centred on Emerald / Biloela; Darling Downs; Goondiwindi / Border Rivers; and St George / Dirranbandi. New South Wales's main production areas are centred on the Border Rivers; Gwydir Valley; Namoi Valley / Barwon River; Bourke; Macquarie Valley; Menindee (Lake Tandou); Hillston / Lachlan Valley; and Murrumbidgee Valley/Riverina.
- Australia's cotton sector has expanded dramatically since its beginnings in the 1960s in the Lower Namoi Valley of New South Wales.
- The vast majority of Australia's cotton is irrigated. Dryland cotton production is quite variable and considered to be relatively opportunistic and dependent on very favourable soil moisture levels and cotton prices prevailing at planting time (late spring / early summer).
- Production levels and the growth of the sector are influenced greatly by the availability of reliable irrigation water as cotton requires between 6 megalitres and 12 megalitres per hectare per annum.
- Irrigation water is sourced from several sources:
 - Aquifers (bores);
 - Regulated and supplementary river allocations below public water storages;
 - Unregulated river entitlements on streams without public water storages; and
 - On farm water harvesting.
- Irrigation water use has become increasingly regulated over the past 20 years resulting in increasing water entitlement values and water use efficiencies.
- Irrigated cotton production is often viewed as an attractive viable land use given its favourable gross margins when prices are above about \$450 per bale and the ability to forward sell production for 3 or more years.
- In most cotton production regions aquifer (bore) water is viewed as the most reliable source of irrigation water followed by regulated river entitlements.
- On farm storages provide the opportunity for irrigators to capture / harvest run off from local storm rain events; recycle tail water and capture supplementary flow events from local streams, in accordance with licencing conditions.

Cotton production in Australia is undertaken by a wide range of growers, some of whom have been producing since the 1960's. Major corporate growers include Auscott Pty Ltd; Tandou Pty Ltd; Clyde Agriculture Pty Ltd and Cubbie Station Consortium. However in most cotton districts, family entities, both small and very large, remain the dominant growers.

- The expansion of the cotton production districts continues as new improved genetically modified (GM) cotton varieties become available, particularly those more suited to the cooler climate of southern New South Wales.
- Increasing water use efficiencies; reduced chemical usage; increasing yields and new picking technology are also underpinning production levels and expansion, whenever water availability and the price of cotton align.

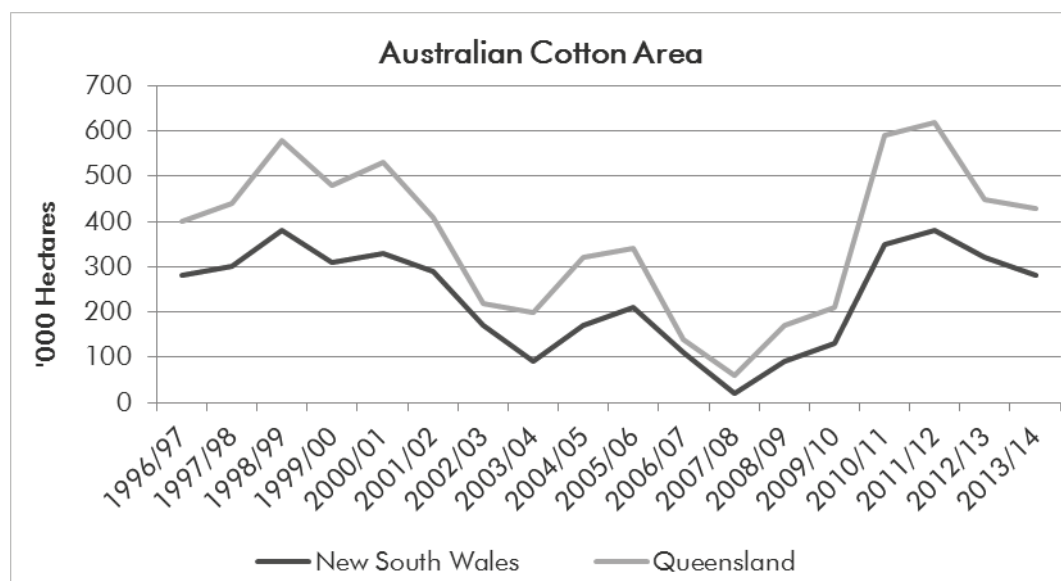
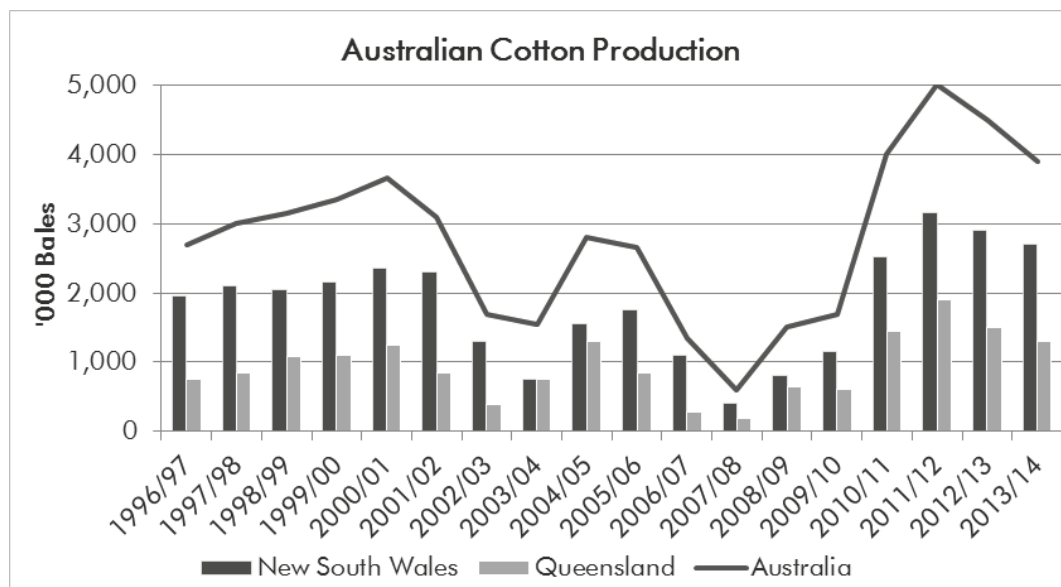
Australian cotton production can vary significantly depending upon irrigation water availability/certainty and cotton prices. For the 2014/15 season, which is about to commence, production is forecasted to be only 2,000,000 to 2,500,000 bales. This is down from 3,900,000 bales estimated to have been produced in 2013/14.

- The planted area peaked in 2011/12 at over 600,000 hectares. In 2013/14 planted area was 414,000 hectares.

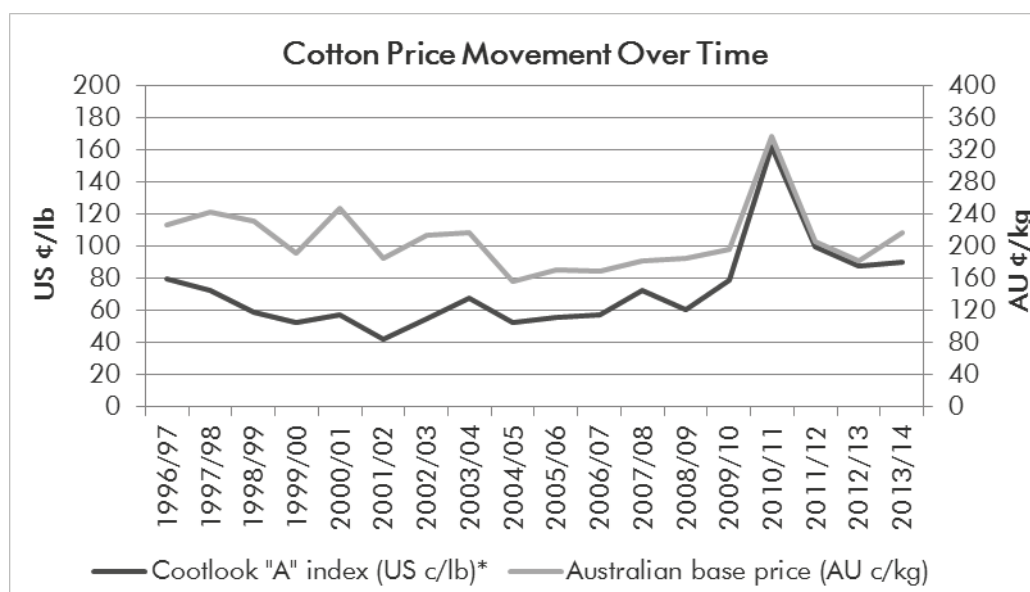
- The following two graphs indicate production levels between 1996 and 2014.

Australian Production:

Source: *The Australian Cottongrower Yearbook 2014*



- Cotton is a world traded commodity and is usually traded in US Dollars. Therefore currency fluctuations can significantly impact on the price Australian growers (who export 100 per cent of their production) receive.
- The following graph illustrates cotton price movements since 1996. Currently cotton can be forward sold at approximately \$520 per bale, which is above the average historic price of approximately \$460/bale.



Source: The Australian Cotton grower Yearbook 2014

- The outlook for cotton prices is difficult to predict.
- Cotton production in Australia is expected to be approximately 1,900,000 bales for this coming season. After rainfall received in December and January many regions now have sufficient water to finish the summer crop. Water availability remains uncertain for 2016 production, notwithstanding the rainfall in December and January, there was a prolonged dry period which limited inflows to catchment areas.
- China (major importer of Australian Cotton) has built major cotton stockpiles. Consequently future supply, demand and price movements will be greatly impacted by policy decisions made by the Chinese.
- In the event that the world cotton price continues to decline, some of that decline could be negated in the event that the Australian Dollar was to fall significantly below its recent trading range of \$0.78 to \$0.85 US.

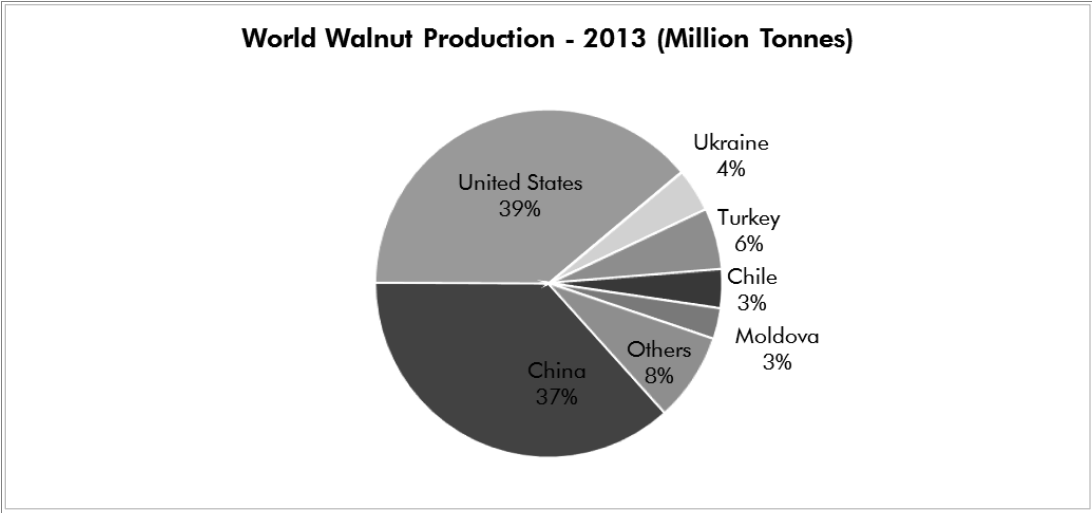
5.1.4 Walnut Market Commentary

Introduction:

- Whilst walnuts have grown in Australia for over 65 years, the first commercial walnut crops were not established until the early 1990s. Australia has an "out of season" advantage and while only a small producer in international terms, Australia's walnut production has grown substantially in the past ten years.

Production:

- China and the United States produce over 76% of the world's supply of walnuts, and as such walnut prices are largely influenced by production and marketing activities in these nations. The demand for walnuts is increasing globally at a consumption rate of approximately three to four per cent per annum.

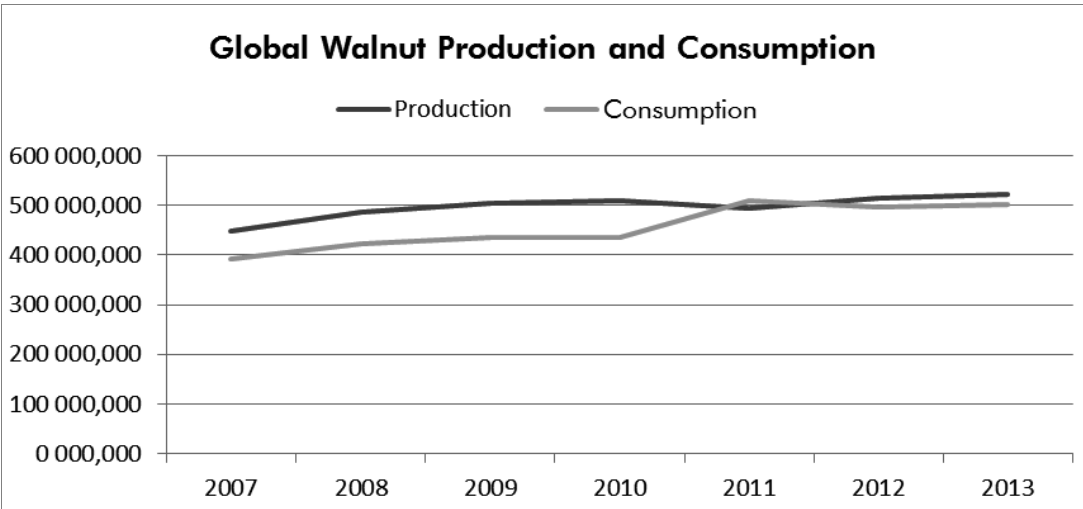


Source: International Nut & Dried Fruit Foundation

- In 2013 the United States accounted for approximately 39% of the total volume produced worldwide (or 195,220,000 tonnes). China was the second largest walnut producer at 37% (or approximately 184,500,000 tonnes). Australia represents an insignificant proportion of total world production, producing less than 10,000 tonnes (<0.01%).

Consumption:

- The International Nut & Dried Fruit Foundation estimates that global walnut consumption was approximately 500,000,000 tonnes in 2013. It is estimated that the consumption surpassed the production that year.



Source: International Nut & Dried Fruit Foundation

Export Markets:

- Reference to the Australian Nut Industry Council (ANIC) website details a brief overview of present and future markets. Current domestic consumption of in-shell walnuts is approximately 600 to 800 tonnes per year with kernel at approximately 3,500 to 7,800 tonnes per year (in-shell equivalent).
- Of this demand approximately 70% of walnuts are exported shelled and destined for manufactured products for use in bakery and confectionary items. The remaining 30% is exported in-shell, the majority of which is consumed immediately in retail markets and food stores.
- The majority of forecasted increases in production of Australian Walnuts are destined for export markets (in-shell). This is due to the premium quality obtained as opposed to the poorer quality imported kernel used in food processing as an industrial ingredient, where price is more important than quality.

Import Markets:

- Australia imports only a small amount of walnuts. Mexico imports approximately 30,000 tonnes per annum of in-shell product and is the biggest single country importer of walnut products.
- It is anticipated that Australia will remain a net exporter of walnuts as the industry continues to expand. Given Australia's relative infancy in the walnut industry, there is very little information regarding import and export markets, however it is noted that there is a potential opportunity to become an exporter of off-season walnuts to the northern hemisphere.

Plantation Area:

- The total area in Australia planted to Walnuts in 2010 was approximately 2,790 hectares, increasing at an average of 35% over three years from 1,140 hectares in 2006.
- Historically, walnut trees have taken up to eight years to reach full maturity, however new cultivars are constantly reducing the lead time to maturity. The main varieties in Australia are *Chandler*, *Howard* and *Tulare*. Trees are planted on various root stocks depending on soil types and the intensity of operation.
- Australian production in 2013 increased to in excess of 6,800 tonnes (less than 0.01% of global production). This is expected to continue to rise over the next 5 years as orchards begin to reach full maturity and further plantings begin to produce.

Outlook:

- The short term outlook for both domestic and international walnut markets is positive. Until 2009 demand had been growing annually at around four per cent whilst supply was growing annually at three per cent, placing upward pressure on prices. This growth is expected to continue over the next two to three years.
- Walnuts in Australia benefit from an off season production advantage which can command a premium in the export market. Australia also benefits from growing conditions which may produce yields of up to 5.5 tonnes per hectare. The industry knowledge base is also growing rapidly allowing walnuts in Australia to be grown, processed, marketed and sold more efficiently into domestic and international markets.
- Australia is free from many pests and walnut diseases affecting other countries so chemical use is low.
- The development of the *Walnuts Australia* Leeton Processing Facility will have a positive impact on the industry, and will assist in reducing the amount of walnuts Australia currently imports.

5.2 Subject Market

5.2.1 Southern New South Wales

Overview:

- The Murrumbidgee Valley has undergone significant change in the last 3 to 5 years with the development of a cotton industry and the increasing interest in horticultural permanent plantings.
- There have been a number of large scale properties that have transacted, both prior and subsequent, to the development of the two new cotton gins at Hay and Carrathool. More recently we have witnessed the move to splitting large scale mixed farming properties into single enterprises. Notwithstanding the fact that there have been numerous sales throughout the region, we note more often than not, these sales have predominately been either large scale irrigated cropping properties or large scale grazing properties and rarely combine both farming systems on a significant scale.
- We have witnessed a number of new entrants in the market, in particular in the irrigated cropping market and the exit of some of the long established corporate pastoral companies. The new entrants include *Westchester Group of Australia (Westchester)*, *Wealthcheck Funds Management (Wealthcheck)*, *Tandou Limited (Tandou)*, *Sustainable Agricultural Fund (SAF)* and *Southern Agriculture Resources Limited (Southern Ag)*. The notable departure has been *Twynam Pastoral Company (Twynam)* who was one of the largest rice growers in Australia through the 1990s and early 2000s as well as the departure of *AgReserves* with the sale of the “Kooba Aggregation” and *4 Arrows Rural Management* who owned and operated both irrigated cropping and grazing land.
- The development of the *Southern Cotton Gin* at Whitton has increased the viability of cotton production in southern New South Wales. In addition to the *Southern Cotton Gin*, the development of two new gins by *Auscott Limited* and *Rivcott Ginning (supported by Louis Dreyfus)*, has reinforced the region in becoming a genuine cotton growing district.
- *Auscott Limited* is in the process of completing the development of a 5 stand single press cotton gin at Hay. To provide a base level of throughput *Auscott* have leased “Cobran” from *Westchester* which features approximately 4,500 hectares suitable for the production of cotton, with the aim to supply their own gin. *Rivcott Ginning* has also commenced construction on their site at Carrathool with the aim to be operating for the 2015 ginning season. The gin will be the third in the Murrumbidgee Valley and we understand international commodity trader *Louis Dreyfus*, is an investor in the development.
- Large scale irrigation sales of note are “Gundaline” which was sold for circa \$25 million in January 2014 by *Twynam* to *Southern Ag*, who feature a number of investors including prominent northern NSW cotton growers, *Duxton Asset Management*, *BlueSky Alternate Investments Limited* and a number of high net worth individuals.
- “Cobran” as previously mentioned sold to *Westchester* via their *Global Ag Properties Australia* fund in November 2012 for \$18.5 million. As with “Gundaline”, “Cobran” was owned by *Twynam*, who have now sold the majority of their agricultural interests in Australia.
- One of most recent transactions in the Murrumbidgee Valley is the sale of “Newmarket” at Maude on the northern side of the Murrumbidgee River for \$8 million in May 2014. The property features approximately 17,000 hectares of which 1,000 hectares is developed for irrigation with 1,265 hectares suitable for dryland cropping with potential for irrigation development. The property was purchased by *Wealthcheck* who intends to grow cotton on the property and increase the irrigation area by developing the dryland cropping land. This is a common theme with new entrants taking to the opportunity to develop dryland cropping land or older style contour irrigation land into land suitable for cotton production.

- *Weathcheck* has been active in the Riverina in the last 2 years, purchasing two properties in the Hillston area, “Wyadra” and “Cowl Cowl”. Both properties feature significant water entitlements, both Regulated Lachlan River entitlements (both High and General Security) and Lower Lachlan Groundwater entitlements. We understand that *Weathcheck* is seeking to increase their land holdings in the Riverina region of New South Wales with the intention of expanding their cotton production enterprises.
- Finally we note *Tandou* who acquired two properties from the Harris Family as well as securing a long term lease on “Pevensey Irrigation”. The first acquisition included “Ravensworth East Farm” for \$5.8 million on a bare land basis, excluding water. The second transaction was of “Ravensworth South Farm” for \$8.4 million, however there was a separate transaction which included 34,000 megalitres of water.
- In addition to the development of the cotton industry there has been a number of transactions occur in relation to “greenfield” developments for permanent horticultural crops such as almonds, walnuts and hazelnuts. The increase in the farmgate nut price has change the financial dynamics of the industry and as a result properties featuring nut plantations are in high demand. Due to limited supply of nut plantations available investors are looking for large parcels of land and water that are suitable for such developments, resulting in increased activity in the Murrumbidgee, Lachlan and Murray Valley’s.
- This increased activity is highlighted with *Walnuts Australia’s* recent purchase of “Kooba” for a reported \$116 million (with inclusions) for future development of walnut orchards. *Rural Funds Management (RFM)* recently purchased “Tocabil”, Hillston which will be planted to almonds, with RFM negotiating a lease with OLAM. Whilst somewhat dated, *Walnuts Australia’s* purchase of “Avondale West” for the development of a significant walnut orchard at Tabbita and *Ferrero’s* purchase of “Dellapool” at Naranderra for the development of hazelnuts is further evidence of such activity.
- We are also aware of a number of “off market” transactions that have occurred in the Swan Hill region, both north and south of the Murray River, of large parcels of land which have been earmarked for future horticultural development. Buyers include *Select Harvest* and a number of private investors.
- Despite the extraordinary activity and interest in the region over the past 5 years, we are of the opinion that at present market participants are looking for specialised assets of scale and are focused on single farming systems, be it either irrigation crop production, horticultural development or livestock grazing.
- There are a range of active funds whose investment mandates are limited to single commodity types and investment themes. For example *Westchester* is focused purely on investment in grain, oilseed and cotton properties and typically seek to lease their properties to suitable counterparties on return parameters of 4.75% to 6.00% per annum. They do not favour investing in grazing land. In contrast *Paraway Pastoral Company* invests exclusively in grazing land and prefers not to invest in irrigated land and water entitlements.
- Finally, we understand there are several institutional class assets that are rumoured to be in due diligence through “off market” campaigns via a direct sale process to active market participants.

5.2.2 Northern New South Wales / Southern Queensland

Current Market Conditions:

- Cotton is the principal irrigated crop in the northern New South Wales and Southern Queensland irrigation region, however low water availability and a low commodity price is having an effect on the market, with only a limited number of large scale cotton properties having transacted during the last 2 to 3 years.
- The northern cotton region, as it known, is one of the most corporatised farming regions in Australia with a long history of corporate and institutional owners, operating last scale irrigation farms.
- There have been a number of new entrants in the market over the last 5 – 6 years and in recent times we have witnessed long established pastoral companies exit the region, as they have done in the southern regions.
- Whilst there is increasing “noise” in relation to overseas investors looking for irrigated cropping properties, Westchester appears to be one of only a few active institutional investors throughout the Moree and Goondiwindi regions, as well as *Bengerang Limited* (formerly *PrimeAg*), having purchased a number of contiguous properties in the Garah region, west of Moree.
- Of particular note has been the emergence of corporate and institutional purchasers seeking dryland farming properties, such as *Lawson Grain* (*Macquarie Bank’s Grain Fund*), *Sustainable Agricultural Fund (SAF)*, *Warakirri Agricultural Trust* and *TA Field Ltd*. In addition to the corporate and institutional purchasers there have been a number of high net worth investors and local large scale family operators who have also purchased a number of dryland farming properties.
- The notable departures have been *Twynam Pastoral Company*, *Clyde Agriculture* and the delisting and eventual disaggregation of *PrimeAg*. In the restructure of *PrimeAg*, *Westchester* purchased 60 percent of the listed company’s property assets which included a number of irrigated cotton properties as well as dryland farming properties located around Moree, Gunnedah, Goondiwindi and Dalby.
- Further west we have witnessed the sale of *Clyde Agriculture’s* portfolio of four irrigated cropping properties located on the Barwon – Darling River system at Bourke and Brewarrina. The portfolio of properties was on the market for a long period of time and was purchased by the Harris Family who are large scale operators in the northern irrigation region.
- There have been a number of transactions that have occurred as a result of financial distress / succession. These vendors have either had to sell due to family and / or financial circumstances or their assets have been sold by the mortgagee in possession. These sales reflect a discount to otherwise established levels of value of 30% to 50%. This can be for a number of reasons including a diminishment of the property’s presentation and need for essential maintenance, if the asset has not been maintained whilst controlled by the receiver / manager.
- In addition to the above sales there are a number of notable large scale irrigation properties put to the market, many of which have been available for some time.
 - Carrington Cotton (current availability for sale not known)
 - “Koramba” Cotton
 - “Keytah Station”
 - “Kia Ora” and “Clyde Aggregation” (asking \$140 million)
 - Norman Family aggregation.
- Values being achieved in the areas that comprise the northern cotton growing industry are ranging from \$7,500 to greater than \$22,000 per average cotton hectare (ACHA). This variation in value is quite large but is driven by location, quality of development and the quality and reliability of water entitlements.

6 SALES EVIDENCE

6.1 Introduction

Overview:

- These sales, amongst others, demonstrate investment activity during the last 3 to 4 years. Not all of the sales are considered to be directly comparable, however they do provide a range of evidence and set the parameters upon which we have based our assessment of value of the subject property.
- In our efforts to provide the most recent sales data, there may be occasions where we utilise sales that have not settled, have delayed settlement, or are not registered on third party databases. Separate enquiries are made of the parties to the transaction or their agents to verify this data.
- In situations where there is a lack of comparable sales data in a particular locality, we draw upon sales evidence from other agricultural regions and make necessary adjustments for comparability considerations.
- Third party databases do not specify transactions as GST inclusive or exclusive, and where we have been unable to verify the GST status we have assumed the sale price is GST exclusive. Should further enquiries reveal the status to be incorrect, we reserve the right to adjust our analysis and if necessary our valuation.

6.2 Horticultural Sales

6.2.1 Large Scale Horticultural Sales

SALE 1

"Amaroo Orchards", Murtho Road, Paringa, SA

| Sale Details/Comment | Sale Price | Sale Date | Land Area (ha) | All Incl Rate (\$/ha) | Land Rate (\$/ha) |
|----------------------|--------------|-----------|----------------|-----------------------|-------------------|
| | \$52,500,000 | Aug-2014 | 1,705.23 | \$30,788 | \$23,558 |

Walker to Select Harvests Limited

"Amaroo Orchards" is located on the eastern and western sides of Murtho Road, approximately seven kilometres north east of Renmark.

The property has a land area of 1,705.23 hectares comprising approximately 828 hectares planted to almonds and 309.4 hectares planted to citrus. The balance land of 567.9 hectares comprises 331 hectares dedicated to solid set sprinklers, 171 hectares dedicated to irrigation mainlines and 56 hectares to mainline and sub mainlines. The remaining 9.2 hectares is used for building curtilage and support areas.

The almond orchard was predominately established between 2003 and 2008 with 84 hectares planted in 2013 and 90 hectares planted in 2014. Almond varietal proportions are primarily made up of Nonpareil (50%), Carmel (32%), Price (14%) and Peerless (4%) with a density of 280 trees per hectare.

The citrus orchard was predominately planted between 2003 and 2008 with plantings of a mix of navels (66%) and mandarins (34%).

The property utilises Martinez Open Hydroponics Technology (MOHT) which promotes a smaller root system and the ability to control plants through all stages of the productive cycle.

The system has the capacity to water all citrus plantings (309 ha) and portion of almond plantings (110 ha) in one shift with the balance of the almonds being irrigated over two shifts.

Structures comprise a 350 pallet cool room, office of 493 square meters, enclosed storage shed of 7,760 square meters, large scale work shop/machinery shed and sundry rural shedding.

The property sold inclusive of 6,215 megalitres of South Australian River Murray – Class 3a water entitlements which equates to 7.5 megalitres per hectare over the almond orchard only.

We understand that Select Harvests Limited (the purchaser) has leased the citrus orchard to CostaExchange for 10 years with a commencing net annual rental of \$800,000. Our analysis equates to a commencing yield of 12.39% for the citrus orchard.

We have also analysed the transaction using a ten year Discounted Cash Flow model. This model discloses a Discount Rate (or Internal Rate of Return) of 12.94%. We have also analysed the sale excluding permanent water entitlements. This model discloses a discount rate of 13.49%.

Apportionment

| Land | Area (ha) | Rate \$/ha | |
|--|-------------|-------------|---------------------|
| Almond Orchard (Planted 2002-2008) | 654.00 @ | \$40,500 | \$26,487,000 |
| Almond Orchard (Planted 2013-2014) | 173.97 @ | \$28,500 | \$4,958,145 |
| Citrus Orchard (Navels planted 2003-2008) | 202.74 @ | \$20,000 | \$4,054,800 |
| Citrus Orchard (Mandarins planted 2004-2008) | 106.66 @ | \$22,500 | \$2,399,850 |
| Serviced Land/Orchard Support | 567.86 @ | \$4,000 | \$2,271,440 |
| | | | <u>\$40,171,235</u> |
| Water | Volume (ML) | Rate \$/ML | |
| South Australian River Murray – Class 3a | 6,215.00 @ | \$1,750 | \$10,876,250 |
| Structures | Area (sqm) | Rate \$/sqm | |
| Packing Shed | 7,760 @ | \$120 | \$931,200 |
| Office | 493 @ | \$400 | \$197,200 |
| Cool Room | 620 @ | \$300 | \$186,000 |
| Machinery Shed/Workshop | 1,515 @ | \$100 | \$151,500 |
| | | | <u>\$1,465,900</u> |

| | |
|---------------------|--------------|
| Total Apportionment | \$52,513,385 |
|---------------------|--------------|

SALE 2

"Grewal Farms", Sturt Highway, Lake Cullulleraine, VIC

| Sale Details/Comment | Sale Price | Sale Date | Land Area (ha) | All Incl Rate (\$/ha) | Land Rate (\$/ha) |
|----------------------|-------------|-----------|----------------|-----------------------|-------------------|
| | \$8,500,000 | Aug-2014 | 1,190.00 | \$7,143 | \$7,085 |

Grewal to Select Harvests Limited

"Grewal Farms" is located on the south side of the Sturt Highway, approximately 46 radial kilometres West of Mildura and 5 radial kilometres east of the Lake Cullullerain Township.

The property has a land area of 1,190 hectares comprising approximately 172 hectares planted to almonds of which 44 hectares are mature (planted in 2002) and 128 hectares were planted in 2013. Approximately 550 hectares is suitable for horticulture but has not been surveyed for irrigation with the balance being suitable for cropping.

The land is slightly undulating in topography with soils comprising predominately sandy loam.

Irrigation is supplied from the Murray River via lake Cullulleraine through a 375mm diameter pipeline and reticulated throughout the orchard.

The sale did not include the homestead and therefore structures included sundry shedding only.

The land is zoned "Farming" pursuant to the Mildura Planning Scheme.

We are advised that there were no water shares included in the sale.

We have also analysed the transaction using a ten year Discounted Cash Flow model. This model discloses a Discount Rate (or Internal Rate of Return) of 17.23%.

Apportionment

| Land | Area (ha) | Rate \$/ha | |
|--|-----------|------------|--------------------|
| Almond Orchard (8+ years) | 44.34 @ | \$44,000 | \$1,950,960 |
| Almond Orchard (Planted 2013) | 128.22 @ | \$28,500 | \$3,654,270 |
| Development Land/Orchard Support | 550.00 @ | \$4,500 | \$2,475,000 |
| Other land - not suitable for horticulture | 467.44 @ | \$750 | \$350,580 |
| | | | <u>\$8,430,810</u> |

Structures

| | | |
|-----------------------|-----|----------|
| Sundry Rural Shedding | Say | \$70,000 |
|-----------------------|-----|----------|

| | |
|---------------------|-------------|
| Total Apportionment | \$8,500,810 |
|---------------------|-------------|

SALE 3

"OLAM Orchards Australia", Murray Valley, Swan Hill, VIC

| Sale Details/Comment | Sale Price | Sale Date | Land Area (ha) | All Incl Rate (\$/ha) | Land Rate (\$/ha) |
|----------------------|---------------|-----------|----------------|-----------------------|-------------------|
| | \$200,000,000 | Nov-2013 | 20,276.41 | \$9,864 | \$9,456 |

OLAM Orchards Australia Pty Ltd to Laguna Bay Pastoral

The portfolio comprises eight almond orchard developments located in the Murray Valley Region of Victoria.

The portfolio is utilised for almond production and comprises a total land area of 20,276 hectares and a planted area of 12,194 hectares. We understand that this portfolio is the world's second largest almond plantation.

The portfolio was predominately developed between 2001 and 2008 and has a weighted average tree age of 7.4 years. The varieties comprise approximately 50% Nonpareil, 33% Carmel and 17% Price which is consistent throughout each orchard.

Tree spacing is 5.5 metres, row spacing is 7.25 metres and there are approximately 250 trees per hectare.

Water is sourced from the Murray River via direct diversion and there were no permanent water entitlements included in the sale.

Each property has at least one management hub and one water storage dam. The management hubs generally comprise a site office, lunchroom and toilet block, machinery sheds, chemical sheds and storage sheds. The water storage dams are accompanied by pump sheds, fertigation sheds, chlorination sheds and storage sheds. All structures with the exception of dwellings are located around these main areas.

The portfolio is zoned "Farming" pursuant to the Swan Hill Planning Scheme.

The portfolio was sold by OLAM who are a publicly listed company on the Singapore Stock Exchange with an intention to reduce their asset base. Purchased by Laguna Bay Pastoral on behalf of a confidential purchaser. Sold November 2013 for \$200,000,000 (excluding water entitlements which were retained by the vendor) on a lease back until 30 June 2031 and has a commencing rental of \$16,400,000 per annum (8.2%).

Apportionment

| Land | Area (ha) | Rate \$/ha | |
|-----------------------------|-------------|------------|----------------------|
| Almond Orchard | 12,194.40 @ | \$14,300 | \$174,379,920 |
| Orchard Support/Vacant Area | 7,057.41 @ | \$2,400 | \$16,937,784 |
| Remnant Vegetation | 1,024.60 @ | \$400 | \$409,840 |
| | | | <u>\$191,727,544</u> |

Structures

| | | | |
|------------|-----|-----|-------------|
| Structures | 1 @ | Say | \$8,080,000 |
|------------|-----|-----|-------------|

| | | | |
|---------------------|--|--|---------------|
| Total Apportionment | | | \$199,807,544 |
|---------------------|--|--|---------------|

SALE 4

2109 Kingston Road, Wappilka, SA

| Sale Details/Comment | Sale Price | Sale Date | Land Area (ha) | All Incl Rate (\$/ha) | Land Rate (\$/ha) |
|----------------------|--------------|-----------|----------------|-----------------------|-------------------|
| | \$12,000,000 | Oct-2013 | 961.00 | \$12,487 | \$12,261 |

Haby to Select Harvests Limited

The property is located on both sides of Kingston Road, approximately 15 radial kilometres north-west of Loxton.

Approximately 273 hectares was planted to almond orchard between 1999 and 2005 and has a weighted average tree age of 11.4 years. A further 400 hectares is vacant and suitable for almond orchard with the balance being vacant and not plantable. The varieties comprise approximately 66% Nonpareil, 12.5% Carmel and 12.5% Monterey and 9% Price. The orchard is planted at a density of approximately 270 trees per hectare.

Water is sourced from the Murray River via direct diversion and there were no permanent water entitlements included in the sale.

Structures comprise a dwelling and machinery shedding.

The property is zoned Primary Production (PrPro) pursuant to the District Council of Loxton Waikerie.

Purchased by Select Harvest and was the first large scale almond orchard transaction since December 2012 and reflects the increase in almond price. We understand that the purchase of plant and equipment as well as the 2014 crop was negotiated separate to the sale.

We have also analysed the transaction using a ten year Discounted Cash Flow model. This model discloses a Discount Rate (or Internal Rate of Return) of 20.81%.

Apportionment

| Land | Area (ha) | Rate \$/ha | |
|-----------------------------|-----------|------------|---------------------|
| Almond Orchard (mature) | 273.00 @ | \$37,500 | \$10,237,500 |
| Orchard Support/Vacant Area | 400.00 @ | \$3,000 | \$1,200,000 |
| Vacant Area - not plantable | 288.00 @ | \$1,200 | \$345,600 |
| | | | <u>\$11,783,100</u> |

Structures

| | | |
|--------------------|-----|------------------|
| Dwelling | Say | \$180,000 |
| Machinery Shedding | Say | \$35,000 |
| | | <u>\$215,000</u> |

| | |
|---------------------|--------------|
| Total Apportionment | \$11,998,100 |
|---------------------|--------------|

SALE 5

"Belvedere", Sturt Highway, Narrandera, NSW

| Sale Details/Comment | Sale Price | Sale Date | Land Area (ha) | All Incl Rate (\$/ha) | Land Rate (\$/ha) |
|----------------------|--------------|-----------|----------------|-----------------------|-------------------|
| | \$19,500,000 | Jan-2011 | 2,202.87 | \$8,705 | \$5,016 |

Four Arrows Pty Ltd to Select Harvests Limited

Located on the southern side of the Sturt Highway "Belvedere" comprises two discrete parcels known as "Belvedere" and "Egan Road". "Belvedere" is located on the south side of the Sturt Highway, approximately 20 radial kilometres west of Narrandera. The "Egan Road" development abuts the eastern side of the Coleambally Main Canal and is accessed via a bridge crossing from Main Canal Road. "Egan Road" is located approximately 18 radial kilometres south-east of Darlington Point.

The land is generally level in topography with rolling sand hills, level alluvial flats in the south eastern corner and level red clay to the western boundary.

Land development includes 611.47 hectares of almond orchard, 1,466 hectares of orchard support / cropping / grazing land and 125 hectares of remnant vegetation. The orchards were established between 2003 and 2009 and are planted at a density of 270 trees per net planted hectare. Varieties include Nonpareil (50%), Carmel (33%), Peerless (8.5%) and Price (8.5%). We understand that there were a number of planting failures throughout the orchard which would require replanting over the coming years.

"Belvedere" included a 6,000 megalitre Murrumbidgee Groundwater (Zone 3) entitlement and 1,792 megalitres of High Security Coleambally entitlements (12.74 ML/Ha) which is above the industry average requirement of 12.5 ML/Ha (for mature plantings). Water is supplied to the orchard via three bores and two large storage dams. Application is via dripper tape system with an additional 120 hectares developed with frost mitigation sprinklers. "Egan Road" is watered via a double dripper tape with an electric pump system. At the time of sale there were negotiations to put an easement through "Tubbo Station" to allow for increased flows to "Belvedere" from the Main Coleambally Canal rather than being reliant on bore water. We understand that the irrigation infrastructure required immediate capital expenditure of approximately \$3,475,000.

Structures on "Belvedere" comprise three-bedroom fibrous clad dwellings (3), a four-bedroom fibrous clad dwelling and "Egan Road" comprises four, three bedroom fibrous clad dwellings. All dwellings are well maintained in a fair to sound condition. Operating improvements include a processing shed with spare parts store and meeting room, fire pump shed, cool room complex, chemical storage, compressor shed, office, staff amenities building, airstrip, aircraft hangar, pilot accommodation and sundry rural structures. All operating improvements are in fair to sound condition.

"Belvedere" which formed part of the Four Arrows portfolio was offered for sale by public auction in April 2011 by Receivers and Managers McGrathNicol. The sale price reflected the abridged selling period and a level of capital expenditure required to replace missing trees. The sale included plant and equipment that had an estimated worth of \$1,000,000 and the 2011 almond crop (with the exception of 350 tonnes that had already been harvested). The purchaser took on all operating orchard costs from the contract date. Our analysis shows a benefit of \$2,800,000 in working capital requirement savings.

We have also analysed the transaction using a ten year Discounted Cash Flow model. This model discloses a Discount Rate (or Internal Rate of Return) of 17.23%.

Apportionment

| Land | Area (ha) | Rate \$/ha | |
|----------------------------------|------------|------------|---------------------|
| Almond Orchard | 611.47 @ | \$16,250 | \$9,936,388 |
| Orchard Support/Cropping/Grazing | 1,466.40 @ | \$750 | \$1,099,800 |
| Remnant Vegetation | 125.00 @ | \$100 | \$12,500 |
| | | | <u>\$11,048,688</u> |

| Water | Volume (ML) | Rate \$/ML | |
|-----------------------------------|-------------|------------|--------------------|
| Coleambally High Security | 1,792.00 @ | \$1,600 | \$2,867,200 |
| Murrumbidgee Groundwater (Zone 3) | 6,000.00 @ | \$700 | \$4,200,000 |
| | | | <u>\$7,067,200</u> |

| Structures | Area (sqm) | Rate \$/sqm | |
|---------------------------|------------|-------------|--------------------|
| "Belvedere" Dwellings (4) | | Say | \$270,000 |
| "Egan Road" Dwellings (4) | | Say | \$200,000 |
| Machinery Shed | 6,048 @ | \$50 | \$302,400 |
| Workshop | 408 @ | \$200 | \$81,600 |
| Sundry Structures | | Say | \$195,000 |
| | | | <u>\$1,049,000</u> |

| Inclusions | |
|-----------------------|-------------|
| Plant & Equipment | \$1,000,000 |
| Operating Cost Saving | \$2,800,000 |

| | |
|---------------------|--------------|
| Total Apportionment | \$19,489,888 |
|---------------------|--------------|

6.2.2 Local Land Sales – Leeton / Tabbita Region

SALE 6

"Bundara", Camerons Lane, Tabbita, NSW

| Sale Details/Comment | Sale Price | Sale Date | Land Area (ha) | All Incl Rate (\$/ha) | Land Rate (\$/ha) |
|----------------------|-------------|----------------|----------------|-----------------------|-------------------|
| | \$1,100,000 | Jnder Contract | 1,125.70 | \$977 | \$756 |

Williment/ Suncrop to Unknown

"Bundara" is situated on the eastern side of Camerons Lane, a gravel road, approximately 40 radial kilometres west of Griffith. The property is irregular in shape and near level in topography. Vegetation comprises a large stand of remnant timber to the northern boundary.

Total land area comprises of 1,125 of which approximately 494 hectares is supported by flood irrigation via the supply channel, 398 hectares of dryland cultivation and support land and 234 hectares of timber/ grazing land.

Irrigation water comprises Murrumbidgee Irrigation High Security (2 megalitres), General Security (20 megalitres) and Supplementary Allocation (HOU) (291 megalitres).

Structural improvements comprise a machinery shed, drive through machinery shed, sheep yards, 1 x 350 tonne and 2 x 45 tonne silos and workshop.

Accommodation includes two dwellings.

The property is zoned RU1 "Primary Production" pursuant to Carrathool Local Environment Plan 2012.

The selling agent, informs that the property was a receivership sale and was passed in at auction and sold after to a local purchaser.

Apportionment

| Land | | Area (ha) | Rate \$/ha | |
|--|--|-------------|-------------|--------------------|
| Laser Levelled Irrigation | | 494.00 @ | \$1,225 | \$605,150 |
| Dryland Cropping & Support Land (Incl Storage) | | 398.00 @ | \$500 | \$199,000 |
| Remnant Timber/Offset | | 233.70 @ | \$200 | \$46,740 |
| | | | | <u>\$850,890</u> |
| Water | | Volume (Ml) | Rate \$/Ml | |
| High Security | | 2.00 @ | \$2,000 | \$4,000 |
| General Security | | 20.00 @ | \$1,000 | \$20,000 |
| | | | | <u>\$24,000</u> |
| Structures | | Area (sqm) | Rate \$/sqm | |
| Main Dwelling | | 123 @ | \$700 | \$86,100 |
| Cottage | | 80 @ | \$450 | \$36,000 |
| Machinery Shed | | 210 @ | \$75 | \$15,750 |
| Machinery Shed | | 720 @ | \$50 | \$36,000 |
| Sheep Yards, Silos and Workshop | | | Say | \$50,000 |
| | | | | <u>\$223,850</u> |
| Total Apportionment | | | | <u>\$1,098,740</u> |

SALE 7

2245 Tabbita Lane, Goolgowi, NSW

| Sale Details/Comment | Sale Price | Sale Date | Land Area (ha) | All Incl Rate (\$/ha) | Land Rate (\$/ha) |
|----------------------|-------------|-----------|----------------|-----------------------|-------------------|
| | \$2,030,000 | Nov-2013 | 2,251.00 | \$902 | \$861 |

JBS to Pestaford

"Allwood" is situated on the north-eastern side of Tabbita Lane, a sealed bitumen road, approximately 35 radial kilometres north-west of Griffith.

The property is irregular in shape and gently undulating in topography. Vegetation comprises small stands of remnant timber and scattered shade timber throughout.

Water is sourced via 4 catchment dams.

Structural improvements include an unequipped shearing shed, hayshed, workshop and ancillary shedding.

Accommodation comprises a 3 bedroom cement fibro sheeting dwelling within established surrounds.

The property is zone RU1 "Primary Production" pursuant to the Carrathool Local Environment Plan 2012.

Apportionment

| Land | Area (ha) | Rate \$/ha | |
|-------------------------|------------|------------|-----------------|
| Cropping | 2,251.00 @ | \$861 | \$1,938,111 |
| Structures | | | |
| Dwelling | | Say | \$50,000 |
| Machinery and Workshop | | Say | \$15,000 |
| Shearing Shed and Yards | | Say | \$20,000 |
| Ancillary Shedding | | Say | \$5,000 |
| | | | <u>\$90,000</u> |

| | |
|---------------------|-------------|
| Total Apportionment | \$2,028,111 |
|---------------------|-------------|

SALE 8

NL 6 Trunk Road, Yanco, NSW

| Sale Details/Comment | Sale Price | Sale Date | Land Area (ha) | All Incl Rate (\$/ha) | Land Rate (\$/ha) |
|----------------------|------------|-----------|----------------|-----------------------|-------------------|
| Douglas to Unknown | \$800,000 | Aug-2013 | 420.00 | \$1,905 | \$1,409 |

The property is situated on the south-western side of Irrigation Way, a sealed bitumen road, approximately 14.5 radial kilometres south of Leeton.

The property is irregular in shape and gently undulating in topography. Vegetation comprises a riparian corridor associated with the Cudgell Creek traversing the centre of the property west to east and scattered shade timber throughout.

Total land area comprises approximately 420 hectares of which 200 hectares has been laser levelled.

Water entitlements 10 megalitres of MIA General Security water, 149 supplementary entitlements from Cudgell Creek, as well as 100 megalitres of groundwater entitlements via a spear point bore.

Irrigation water is secured by the Murrumbidgee irrigation entitlement of temporary or permanent supply (10 megalitres), Cudgell Creek entitlement (8 megalitres per day) via a Batescrew electric pump, spear point bore, whilst not operational has a supply of 2 megalitres per day via a diesel engine and 90 megalitres of storage via a catchment dam.

Stock and domestic water supplied via bore.

Structural improvements include machinery / shearing shed, cattle yards, 2 x 38 tonnes silos and hayshed.

Accommodation comprises a 2 bedroom dwelling.

The property is zoned RU1 "Primary Production" pursuant to Leeton Local Environmental Plan.

Apportionment

| Land | Area (ha) | Rate \$/ha | |
|---------------------------|-----------|------------|------------------|
| Laser Levelled Irrigation | 202.00 @ | \$1,850 | \$373,700 |
| Dryland Cropping | 218.00 @ | \$1,000 | \$218,000 |
| | | | <u>\$591,700</u> |

| Water | Volume (ML) | Rate \$/ML | |
|---|-------------|------------|-----------------|
| Murrumbidgee General Irrigation Entitlement | 10.00 @ | \$850 | \$8,500 |
| Ground Water Lower Murrumbidgee Water Entitlement | 3.00 @ | \$850 | \$2,550 |
| | | | <u>\$11,050</u> |

Structures

| | | |
|----------------|-----|------------------|
| Dwelling | Say | \$150,000 |
| Machinery Shed | Say | \$20,000 |
| Machinery Shed | Say | \$25,000 |
| | | <u>\$195,000</u> |

| | | |
|---------------------|--|------------------|
| Total Apportionment | | <u>\$797,750</u> |
|---------------------|--|------------------|

6.3 Southern New South Wales Irrigated Cropping Sales

SALE 1

"Tocabill", 15155 Kidman Way, Wallanthery, NSW

| Sale Details/Comment | Sale Price | Sale Date | Land Area (ha) | All Incl Rate (\$/ha) | Land Rate (\$/ha) |
|----------------------|-------------|-----------|----------------|-----------------------|-------------------|
| | \$5,120,000 | Oct-2014 | 6,900.24 | \$742 | \$392 |

Yankalilla Pty Ltd to Rural Funds Group

The property is located approximately 28 radial kilometres north-east of Hillston featuring approximately 10 kilometres of frontage to the Kidman Way. The land is generally level in topography with soils ranging from sandy loams to the rising land to red brown loams and grey clays to the lower land types.

The property comprises 6,900 hectares with approximately 766 hectares of laser levelled irrigated row crop land, 102 hectares of border check flood irrigation, 894 hectares of dryland cropping land and 5,122 hectares of grazing woodlands. There is approximately 16 hectares under water storages which featuring storage capacity of approximately 700 megalitres. Water entitlements comprise 2,487 megalitres of Lower Lachlan Groundwater, 464 megalitres of Lower Lachlan Supplementary Groundwater and 16 megalitres of Lower Lachlan Groundwater – Stock and Domestic.

Structural improvements include a timber homestead, large workshop/machinery shed, shearing shed, and cattle yards. We note the existence of sundry rural structures including shedding, old quarters and basic silos.

| Apportionment | | | | |
|---|------------|-------------|------------|--------------------|
| Land | | Area (ha) | Rate \$/ha | |
| Irrigation - Laser Levelled Row Crop | 766.00 @ | \$2,000 | | \$1,532,000 |
| Irrigation - Border Check | 102.00 @ | \$400 | | \$40,800 |
| Dryland Cropping | 894.00 @ | \$350 | | \$312,900 |
| Native Grazing | 5,122.40 @ | \$160 | | \$819,584 |
| | | | | <u>\$2,705,284</u> |
| Water | | Volume (ML) | Rate \$/ML | |
| Lower Lachlan Groundwater Source - Aquifer | 2,487.00 @ | \$800 | | \$1,989,600 |
| Lower Lachlan Groundwater Source - Aquifer (Stock & Domestic) | 16.00 @ | \$1,000 | | \$16,000 |
| | | | | <u>\$2,005,600</u> |
| Structures | | | | |
| Homestead | | Say | | \$180,000 |
| Cottage | | Say | | \$75,000 |
| Machinery Shed | | Say | | \$80,000 |
| Shearing Shed | | Say | | \$50,000 |
| Portable Cattle Yards | | Say | | \$25,000 |
| | | | | <u>\$410,000</u> |
| Total Apportionment | | | | \$5,120,884 |

SALE 2

"Newmarket", Maude Road, Hay, NSW

| Sale Details/Comment | Sale Price | Sale Date | Land Area (ha) | All Incl Rate (\$/ha) | Land Rate (\$/ha) |
|----------------------|-------------|-----------|----------------|-----------------------|-------------------|
| | \$8,000,000 | May-2014 | 17,156.00 | \$466 | \$373 |

Park to Wealthcheck

The property is situated approximately 32 radial kilometres west of Hay on both sides of the Maude Road, a sealed carriageway. The land is generally level in topography with the majority of the soils comprising grey clays, with minor sand hill rises to the northern portion of the property.

The property is utilised as a mixed enterprise operation including both irrigated cropping and livestock grazing. A total of 1,267 hectares is developed for irrigated cropping comprising 724 hectares of laser levelled beds suitable for row cropping, 190 hectares of laser levelled bays suitable for rice and irrigated winter cereals, 30 hectares of centre pivot irrigation (not commissioned), 265 hectares of older style contour bays which are in a poor state of repair and 41 hectares of irrigation water storage featuring a holding capacity of 999 megalitres. There is approximately 1,000 hectares of arable land which has been cropped in the last 3 years. The balance of the land is utilised for grazing of sheep and cattle.

Structures on the property include a 3 bedroom main homestead, a managers dwelling, an irrigation managers cottages and staff quarters. Operational improvements include large machinery shed with attached workshop area, a 4 stand raised board shearing shed and new steel cattle yards.

The property was initially marketed for sale in early 2013 with an asking price of \$10,000,000. We understand there was regular inquiry for the property for the time it was listed for sale, with numerous parties conducting 'due-diligence'.

Apportionment

| Land | Area (ha) | Rate \$/ha | |
|---|-------------|------------|--------------------|
| Irrigation - Laser Levelled Row Crop | 724.00 @ | \$1,850 | \$1,339,400 |
| Irrigation - Laser Levelled Square Bays | 190.00 @ | \$1,750 | \$332,500 |
| Centre Pivot Irrigation | 30.00 @ | \$2,000 | \$60,000 |
| Mixed Flood Irrigation & Dryland Cropping | 1,265.00 @ | \$500 | \$632,500 |
| Native Grazing | 14,946.98 @ | \$270 | \$4,035,685 |
| | | | <u>\$6,400,085</u> |

| Water | Volume (ML) | Rate \$/ML | |
|---------------------------------------|-------------|------------|--------------------|
| Murrumbidgee River (General Security) | 1,353.00 @ | \$750 | \$1,014,750 |
| Murrumbidgee River (Supplementary) | 649.00 @ | \$200 | \$129,800 |
| | | | <u>\$1,144,550</u> |

| Structures | Area (sqm) | Rate \$/sqm | |
|--------------------------------|------------|-------------|------------------|
| Homestead | 181 @ | \$750 | \$135,750 |
| Cottages (2) & Living Quarters | | Say | \$150,000 |
| Machinery Shed | 608 @ | \$70 | \$42,560 |
| Shearing Shed | | Say | \$60,000 |
| Cattle Yards | | Say | \$70,000 |
| | | | <u>\$458,310</u> |

| | |
|---------------------|-------------|
| Total Apportionment | \$8,002,945 |
|---------------------|-------------|

SALE 3

"Gundaline", 20334 Sturt Highway, Carrathool, NSW

| Sale Details/Comment | Sale Price | Sale Date | Land Area (ha) | All Incl Rate (\$/ha) | Land Rate (\$/ha) |
|----------------------|--------------------|-----------|----------------|-----------------------|-------------------|
| | Circa \$25,000,000 | Jan-2014 | 15,050.22 | \$1,661 | \$667 |

Twynam (Gundaline) Pastoral Company Pty Limited to Southern Agriculture

"Gundaline" is a large scale irrigated cropping property comprising 15,050 hectares. The property is benefited by an 18,000 megalitre Lower Murrumbidgee (Zone 2) groundwater irrigation water entitlement.

The property enjoys frontage to the Murrumbidgee River and holds an associated water access licence, which enables the purchase of Murrumbidgee Regulated river water on either a temporary or permanent basis which can be utilised for irrigation. The property features 5,807 hectares developed for irrigation including 2,538 hectares of laser levelled beds suitable for row cropping, 440 hectares under development, 167 hectares of laser levelled bays suitable for rice and irrigated winter cereals, and 2,662 hectares of older style contour bays which are in a poor state of repair. The balance of the land is utilised for grazing and generally stocked via agistment.

We cannot confirm the sale price as the transaction included the vendor retaining an interest in the property. We understand the vendors share was included in the price of circa \$25,000,000.

Apportionment

| Land | Area (ha) | Rate \$/ha | |
|---|-------------|------------|---------------------|
| Irrigation - Laser Levelled Row Crop (inc. 440ha under development) | 2,978.00 @ | \$1,900 | \$5,658,200 |
| Irrigation - Laser Levelled Square Bays | 167.00 @ | \$1,200 | \$200,400 |
| Irrigation - Contour Bays, Decommissioned & Support Land | 3,486.00 @ | \$450 | \$1,568,700 |
| Dryland Grazing | 8,134.22 @ | \$250 | \$2,033,555 |
| Water Storage (285 ha) | 5,800.00 @ | \$100 | \$580,000 |
| | | | <u>\$10,040,855</u> |
| Water | Volume (Ml) | Rate \$/Ml | |
| Lower Murrumbidgee Groundwater (Zone 2) | 18,000.00 @ | \$810 | \$14,580,000 |
| Structures | | | |
| All Structures | | Say | \$460,000 |
| Total Apportionment | | | \$25,080,855 |

SALE 4

"Cowl Cowl", Booligal Road, Hillston, NSW

| Sale Details/Comment | Sale Price | Sale Date | Land Area (ha) | All Incl Rate (\$/ha) | Land Rate (\$/ha) |
|----------------------|--------------|-----------|----------------|-----------------------|-------------------|
| | \$26,000,000 | Nov-2013 | 17,210.00 | \$1,511 | \$692 |

ICM Agriculture to Rosella Sub TC Pty Ltd

The property is situated within 20 kilometres of Hillston. The land is generally level in topography, with soils ranging from heavy red and grey clays to red loams.

The property is utilised as a mixed enterprise operation. Approximately 5,391 hectares is utilised for irrigated cropping, suitable for growing irrigated cotton, wheat and barley predominantly via lateral spray irrigation, with a small portion of flood irrigation. A further 5,400 hectares is considered arable and has a history of being sown to dryland wheat. The balance of the land is utilised for grazing, comprising native pastures. The property had previously been stocked to a combination of cashmere goats (for fibre) and Boer goats (for meat).

Water entitlements include 972 megalitres of High Security and 13,008 megalitres of General Security Lachlan River water, along with 5,198 megalitres of Groundwater. Livestock water is supplied by a reticulated system to troughs in most paddocks. Fencing comprises a mixture of agricultural fencing types in sound condition.

Accommodation includes a 5 bedroom timber weather-board Main Dwelling, a Manager's Residence, five workers cottages, "mens" quarters and guest quarters. A free standing office with conference facilities and toilets are located near the main shedding area. Operational structures consist of a main workshop with built-in office, mezzanine store, mechanics pit and adjoining wash down bay, a large machinery shed with 55 metre clearance, two hay / storage sheds, two shearings sheds, one with 4 stands and the other with 9 stands and a separate aircraft hangar which adjoins an earthen run-way. The property is also benefited by a large grain storage complex with a total grain capacity of approximately 22,640 tonnes. The complex includes an 'A' frame grain shed, and a range of different silos with varying capacities.

The property represents a large irrigated holding with significant irrigation development.

Analysed on an Average Cotton Hectare Area (ACHA) unit of production, approximately 1,415 hectares is considered to be able to be planted to cotton on an annual basis, equating to \$9,250 per ACHA.

Apportionment

| Land | Area (ha) | Rate \$/ha | |
|---|------------|------------|---------------------|
| Irrigation - Lateral Spray | 4,936.00 @ | \$2,000 | \$9,872,000 |
| Irrigation - Flood | 181.00 @ | \$350 | \$63,350 |
| Irrigation Support / Building Curtilage | 274.00 @ | \$350 | \$95,900 |
| Dryland - Cultivation | 5,400.00 @ | \$200 | \$1,080,000 |
| Grazing - Native Pastures | 6,419.00 @ | \$125 | \$802,375 |
| | | | <u>\$11,913,625</u> |

| Water | Volume (ML) | Rate \$/ML | |
|--|-------------|------------|---------------------|
| Regulated Lachlan River Water (High Security) | 972.00 @ | \$1,200 | \$1,166,400 |
| Regulated Lachlan River Water (General Security) | 13,008.00 @ | \$550 | \$7,154,400 |
| Lower Lachlan Groundwater | 5,198.00 @ | \$825 | \$4,288,350 |
| | | | <u>\$12,609,150</u> |

| Structures | Area (sqm) | Rate \$/sqm | |
|---|------------|-------------|--------------------|
| Main Homestead | 742 @ | \$200 | \$148,400 |
| Managers Dwelling & Other Accommodation | | Say | \$300,000 |
| Main Workshop | | Say | \$69,100 |
| Other Shedding (inc. Shearing Shed) | | Say | \$395,000 |
| Grain Storage | | Say | \$566,000 |
| | | | <u>\$1,478,500</u> |

| | |
|---------------------|--------------|
| Total Apportionment | \$26,001,275 |
|---------------------|--------------|

SALE 5

"Ravensworth South Farm", Sturt Highway, Hay, NSW

| Sale Details/Comment | Sale Price | Sale Date | Land Area (ha) | All Incl Rate (\$/ha) | Land Rate (\$/ha) |
|----------------------|-------------|-----------|----------------|-----------------------|-------------------|
| | \$8,446,133 | Dec-2013 | 7,759.56 | \$1,088 | \$1,088 |

Harris to Tandou Limited

"South Farm" is a portion of "Ravensworth" which is located approximately 32 radial kilometres west of Hay on the Sturt Highway. "South Farm" consists of approximately 7,666 hectares of mostly level plains. Soils generally comprise heavy grey and black self mulching soils. Approximately 3,218 hectares are developed to laser levelled irrigation suitable for row-cropping and 176 hectare lateral spray irrigation. A further 4,065 hectares is utilised for dryland grazing which is predominantly located to the south of the irrigation portion. "South Farm" features substantial water storage covering 300 hectares with a capacity of 13,700 megalitres and features direct access to the Murrumbidgee River via a 25 kilometre private channel.

The property was sold to Tandou Limited, who have been an active purchaser in the area over the last couple of years, with "South Farm" being their second acquisition in the Hay district.

Apportionment

| Land | Area (ha) | Rate \$/ha | |
|--------------------------------------|------------|------------|--------------------|
| Irrigation - Laser Levelled Row Crop | 3,218.00 @ | \$2,150 | \$6,918,700 |
| Irrigation - Lateral Spray | 176.00 @ | \$2,050 | \$360,800 |
| Water Storage (Land only) | 300.00 @ | \$500 | \$150,000 |
| Native Grazing | 4,065.56 @ | \$250 | \$1,016,390 |
| | | | <u>\$8,445,890</u> |

| | |
|---------------------|-------------|
| Total Apportionment | \$8,445,890 |
|---------------------|-------------|

SALE 6

"Coleambally" Station & "Noonameena", Four Corners Road, Coleambally, NSW

| Sale Details/Comment | Sale Price | Sale Date | Land Area (ha) | All Incl Rate (\$/ha) | Land Rate (\$/ha) |
|----------------------|--------------|-----------|----------------|-----------------------|-------------------|
| | \$12,000,000 | Feb-2013 | 8,395.90 | \$1,405 | \$920 |

Turner to WL Agriculture International P/L

"Coleambally" and "Noonameena" Station is located on the northern side of Four Corners Road with secondary access via Steel Road. The property is located approximately 10 radial kilometres west of Coleambally and is operated as mixed farm with irrigated and dryland cropping as well as grazing land.

The property features 890 hectares of well-developed laser levelled irrigation with a full recycle system. The property features three separate water sources with an irrigation entitlement of 1,278 megalitres from the Coleambally Irrigation Scheme – General Security, 1,060 megalitres of F Class water from the West Coleambally Canal and 2,205 megalitres of Lower Murrumbidgee groundwater. There are 2 bores servicing the groundwater with a pumping capacity of 35 – 40 megalitres per day.

Soils on the property comprise light red to grey loams with sandy rises throughout. The property enjoys double frontage the Coleambally Outfall Canal. Fencing on the property has been renewed over the last 10 years, both internally and the boundary.

Approximately 3,361 hectares is suitable for dryland cropping with wheat, barley and canola grown in the past. Lucerne has been grown for finishing lambs and fodder production. The balance of land has carried approximately 5,000 self-replacing merino ewes.

Structures comprise the "Coleambally" homestead circa 1920 featuring 6 bedrooms and set in established gardens, "Noonameena" homestead circa 1990, a five bedroom brick veneer dwelling, two cottages, 6 stand shearing shed with new yards and a second 4 stand shearing shed, ram shed, hay shed, 2 machinery sheds, 2 sets of cattle yards and 2 gravel pits. The property also features substantial grain storage with a 1,000 tonne grain shed, 11 silos, and a 2,000 tonne grain bunker. The property sold on a "walk-in walk-out" basis for \$12,000,000 with approximately \$200,000 apportioned as plant and equipment.

Apportionment

| Land | Area (ha) | Rate \$/ha | |
|--------------------------------------|------------|------------|--------------------|
| Irrigation - Laser Levelled Row Crop | 890.00 @ | \$2,400 | \$2,136,000 |
| Dryland Cropping | 3,361.00 @ | \$1,170 | \$3,932,370 |
| Native Grazing | 4,144.90 @ | \$400 | \$1,657,960 |
| | | | <u>\$7,726,330</u> |

| Water | Volume (ML) | Rate \$/ML | |
|---|-------------|------------|--------------------|
| Coleambally Irrigation Water - General Security | 1,278.00 @ | \$750 | \$958,500 |
| West Coleambally Canal - F Class | 1,060.00 @ | \$250 | \$265,000 |
| Lower Murrumbidgee Deep Groundwater (Zone 1) | 2,205.00 @ | \$900 | \$1,984,500 |
| | | | <u>\$3,208,000</u> |

Structures

| | | |
|------------------------------|-----|------------------|
| "Coleambally" Homestead | Say | \$250,000 |
| "Noonameena" Homestead | Say | \$200,000 |
| Cottages | Say | \$100,000 |
| Shearing Sheds (2) | Say | \$140,000 |
| Shedding/Yards/Grain Storage | Say | \$175,000 |
| | | <u>\$865,000</u> |

Inclusions

| | |
|-------------------|-----------|
| Plant & Equipment | \$200,000 |
|-------------------|-----------|

| | |
|---------------------|--------------|
| Total Apportionment | \$11,999,330 |
|---------------------|--------------|

SALE 7

"Ravensworth East Farm", Sturt Highway, Hay, NSW

| Sale Details/Comment | Sale Price | Sale Date | Land Area (ha) | All Incl Rate (\$/ha) | Land Rate (\$/ha) |
|----------------------|-------------|-----------|----------------|-----------------------|-------------------|
| | \$5,800,000 | Dec-2012 | 6,222.86 | \$932 | \$933 |

Harris to Tandou Limited

"East Farm" is a portion of "Ravensworth" which is located approximately 47 kilometres west of Hay. "East Farm" is held in two individual parcels with one on each side of the Sturt Highway. The area of the two parcels is 6,197 hectares. "East Farm" is mostly level, open plains with some lightly timbered area. Soil generally comprise heavy grey and black mulching soils. 1,721 hectares is developed to laser levelled irrigation suitable to row cropping, 973 hectares of contour irrigation and 330 hectares of border check irrigation. The balance of 3,155 hectares is utilised for dry land grazing.

Irrigation areas are supported by 3 river pumps which have total capacity of 185 ML / day and a 4,500 megalitre storage dam. Water is pumped from the Murrumbidgee River to the irrigation area and the storage via a private irrigation channel.

There are no structures on the property. The property sold to Tandou Limited without a water entitlement.

Apportionment

| Land | Area (ha) | Rate \$/ha | |
|--------------------------------------|------------|------------|--------------------|
| Irrigation - Laser Levelled Row Crop | 1,673.00 @ | \$2,100 | \$3,513,300 |
| Irrigation - Contour Bays | 1,400.00 @ | \$1,000 | \$1,400,000 |
| Water Storage (Land only) | 105.00 @ | \$500 | \$52,500 |
| Native Grazing | 3,044.86 @ | \$275 | \$837,337 |
| | | | <u>\$5,803,137</u> |

| | |
|---------------------|-------------|
| Total Apportionment | \$5,803,137 |
|---------------------|-------------|

SALE 8

"Cobran", Murrumbidgee River Road, Hay, NSW

| Sale Details/Comment | Sale Price | Sale Date | Land Area (ha) | All Incl Rate (\$/ha) | Land Rate (\$/ha) |
|----------------------|--------------|-----------|----------------|-----------------------|-------------------|
| | \$18,500,000 | Nov-2012 | 17,201.00 | \$1,076 | \$730 |

Twynam Pastoral Pty Ltd to Global Ag Properties Pty Ltd

"Cobran" is located on the northern side of the Murrumbidgee River and accessed via Murrumbidgee River Road. The property is located approximately 44 radial kilometres east of Hay. The property is operated as an irrigated farm featuring 2,617 hectares of laser levelled irrigation suitable to row cropping, 2,294 hectares of laser levelled square bays, 2,410 hectares of contour bays and 445 hectares of border check irrigation.

The property is benefited by a 7,029 megalitre Lower Murrumbidgee groundwater (Zone 2) entitlement along with a 1,029 Supplementary Lower Murrumbidgee groundwater entitlement, which has no added value, a 3 megalitre Murrumbidgee Regulated River high security entitlement and a 245 megalitre Murrumbidgee River stock and domestic entitlement. The groundwater is pumped via 5 bores with a capacity of 54 ML/day. We understand the bores have recently been upgraded with new engines. The property has 16 river pumps with a total capacity of 850 ML/ day. The property has a very small Murrumbidgee River entitlement and still holds a Water Access Licence which allows water to be purchased on the temporary market. The property also features large on farm water storage with 3 main water storages with a total capacity of 13,000 megalitres.

Structural improvements include 6 dwellings, workshop, chemical shed, 3 hay sheds, silos with a capacity of 2,240 tonnes and 3 shearing sheds. The property has 3 sets of sheep yards and 2 sets of cattle yards.

"Cobran" was purchased by Twynam Pastoral Company Pty Ltd in 2002 from the receivers of Water Wheel Holdings Limited and has been on the market for 5 years since it was re-listed by Twynam in 2008.

When we analysed the sale for a productive unit, ACHA, we assessed a value of \$7,766 per ACHA.

Apportionment

| Land | Area (ha) | Rate \$/ha | |
|--|------------|------------|---------------------|
| Irrigation - Laser Levelled Row Crop | 2,617.00 @ | \$2,000 | \$5,234,000 |
| Irrigation - Laser Levelled Square Bays | 2,294.00 @ | \$1,500 | \$3,441,000 |
| Irrigation - Contour Bays and Border Check | 2,855.00 @ | \$500 | \$1,427,500 |
| Water Storage (Land only) | 382.00 @ | \$500 | \$191,000 |
| Native Grazing | 9,053.00 @ | \$250 | \$2,263,250 |
| | | | <u>\$12,556,750</u> |

| Water | Volume (ML) | Rate \$/ML | |
|--|-------------|------------|--------------------|
| Lower Murrumbidgee Deep Groundwater (Zone 2) | 7,029.00 @ | \$750 | \$5,271,750 |
| Lower Murrumbidgee Deep Groundwater (Zone 2) - Supplementary | 1,029.00 @ | \$0 | \$0 |
| Murrumbidgee Regulated River -High Security | 3.00 @ | \$1,400 | \$4,200 |
| | | | <u>\$5,275,950</u> |

Structures

| | | |
|-----------------------|-----|------------------|
| Dwellings (6) | Say | \$500,000 |
| Sheds | Say | \$120,000 |
| Grain Storage / Drier | Say | \$50,000 |
| | | <u>\$670,000</u> |

| | |
|---------------------|--------------|
| Total Apportionment | \$18,502,700 |
|---------------------|--------------|

SALE 9

"Uardry", Murrumbidgee River Road, Hay, NSW

| Sale Details/Comment | Sale Price | Sale Date | Land Area (ha) | All Incl Rate (\$/ha) | Land Rate (\$/ha) |
|----------------------|--------------|-----------|----------------|-----------------------|-------------------|
| | \$28,000,000 | Oct-2012 | 34,618.00 | \$690 | \$359 |

Charles Mills (Uardry) Pty Ltd to Brinkworth

Located approximately 32 kilometres east of Hay on the northern and southern side of Murrumbidgee River Road. "Uardry" comprises 34,618 hectares of generally open plains. Soils range from red/ brown loams and clays to red sands to the northern portions of the property and heavy grey alluvial river flats.

The property has a total of 1,667 hectares developed for irrigation, which includes 779 hectares of laser levelled irrigation suitable to row cropping, 374 hectares of irrigated square bays and 514 hectares of border check irrigation. A further 28 hectares have been developed with improved pasture, which is not irrigated. The remaining 32,453 hectares consist of native pastures and are utilised for dryland grazing.

Fencing comprises steel posts with hinge joints netting and barbed wire and is generally in fair condition, internal fencing is of similar design and divides the property into approximately 123 paddocks with a central laneway system.

"Uardry" carries approximately 25,000 sheep, and 1,000 cattle.

Water entitlements include 7,134 megalitres of General Security Murrumbidgee River water, 847.5 megalitres of Supplementary River water, 419 megalitres of Stock and Domestic, 6,269 megalitres of Lower Murrumbidgee groundwater (Zone 3), 859 megalitres supplementary groundwater and 149 megalitre Stock and Domestic (Wah Wah Scheme).

Structures include a large 6 bedroom homestead, office and 9 additional staff dwellings, an 8 stand woolshed, two additional wool sheds, workshops, several silos, 3 sets of sheep yards, cattle yards and numerous sundry sheds.

The property sold on a "walk in - walk out" basis including livestock, plant and equipment.

Apportionment

| Land | Area (ha) | Rate \$/ha | |
|---|-------------|------------|---------------------|
| Irrigation - Laser Levelled Row Crop | 779.00 @ | \$2,100 | \$1,635,900 |
| Irrigation - Laser Levelled Square Bays | 374.00 @ | \$1,600 | \$598,400 |
| Irrigation - Border Check | 514.00 @ | \$600 | \$308,400 |
| Dryland Cropping (Improved pasture) | 28.00 @ | \$300 | \$8,400 |
| Native Grazing | 32,923.00 @ | \$300 | \$9,876,900 |
| | | | <u>\$12,428,000</u> |

| Water | Volume (ML) | Rate \$/ML | |
|--|-------------|------------|---------------------|
| Murrumbidgee Regulated River - General Security | 7,134.00 @ | \$725 | \$5,172,150 |
| Murrumbidgee Regulated River - Supplementary | 848.00 @ | \$200 | \$169,600 |
| Lower Murrumbidgee Deep Groundwater (Zone 2) | 6,269.00 @ | \$800 | \$5,015,200 |
| Lower Murrumbidgee Deep Groundwater (Zone 2) - Supplementary | 859.00 @ | \$0 | \$0 |
| | | | <u>\$10,356,950</u> |

Structures

| | | |
|----------------------|-----|--------------------|
| Dwellings (7) | Say | \$425,000 |
| Shearing Sheds (3) | Say | \$400,000 |
| Machinery Sheds | Say | \$135,000 |
| Silos | Say | \$60,000 |
| Cattle & Sheep yards | Say | \$80,000 |
| | | <u>\$1,100,000</u> |

Inclusions

| | |
|-------------------|--------------------|
| Plant & Equipment | \$1,500,000 |
| Livestock | \$2,614,650 |
| | <u>\$4,114,650</u> |

| | |
|---------------------|--------------|
| Total Apportionment | \$27,999,600 |
|---------------------|--------------|

SALE 10

"Pevensey Irrigation", Sturt Highway, Hay, NSW

| Sale Details/Comment | Sale Price | Sale Date | Land Area (ha) | All Incl Rate (\$/ha) | Land Rate (\$/ha) |
|----------------------|-------------|-----------|----------------|-----------------------|-------------------|
| | \$3,100,000 | Mar-2012 | 6,002.00 | \$516 | \$464 |

TA Field Estates Pty Ltd to Headon

"Pevensey Irrigation" is located on the Northern side of the Sturt Highway, approximately 20 kilometres west of Hay. The property originally formed part of "Pevensey Station". The portion known as "Pevensey Irrigation" includes 1,100 hectares of laser levelled irrigation suitable to row cropping, 200 hectares of lasered square bays, 200 hectares of contour flood and 3,725 hectares of dryland grazing. The property also features a 500 megalitre water storage dam which covers approximately 75 hectares.

Structural improvements include an 8 bedroom homestead, 2 smaller cottages, and machinery shed, workshop, hay shed and silos with approximately 300 tonnes of grain capacity.

The property was sold without water entitlements, however a Water Access Licence provides the ability to purchase water on the temporary or permanent market.

Apportionment

| Land | Area (ha) | Rate \$/ha | |
|---|------------|------------|--------------------|
| Irrigation - Laser Levelled Row Crop | 1,100.00 @ | \$1,500 | \$1,650,000 |
| Irrigation - Laser Levelled Square Bays | 200.00 @ | \$500 | \$100,000 |
| Irrigation - Contour Bays | 200.00 @ | \$350 | \$70,000 |
| Water Storage (Land only) | 75.00 @ | \$500 | \$37,500 |
| Native Grazing | 4,427.00 @ | \$210 | \$929,670 |
| | | | <u>\$2,787,170</u> |

| Structures | Area (sqm) | | |
|---------------------------|------------|-----|------------------|
| Homestead | 460 @ | \$0 | \$165,000 |
| Cottages (2) | | Say | \$70,000 |
| Machinery / Workshop Shed | | Say | \$30,000 |
| Sundry Shedding | | Say | \$20,000 |
| Silos (5) | | Say | \$30,000 |
| | | | <u>\$315,000</u> |

| | |
|---------------------|-------------|
| Total Apportionment | \$3,102,170 |
|---------------------|-------------|

6.4 Northern New South Wales / Southern Queensland Irrigated Cropping Sales

SALE 1

"Gubbergunyah", Callandoon Road, Goondiwindi, QLD

| Sale Details/Comment | Sale Price | Sale Date | Land Area (ha) | All Incl Rate (\$/ha) | Land Rate (\$/ha) |
|----------------------|--------------|-----------|----------------|-----------------------|-------------------|
| | \$15,650,000 | Aug-2014 | 4,395.41 | \$3,561 | \$3,486 |

RMI Pty Ltd to Global Ag Properties Australia Limited

"Gubbergunyah" is located approximately 35 kilometres west of Goondiwindi. It is a mixed dryland and irrigated cropping property with frontage to the Callandoon Creek. It is a member of Callandoon Scheme that manages water delivery from The Macintyre River to irrigators situated on the creek.

"Gubbergunyah" comprises 4,395 hectares of which 1,254 hectares is developed irrigation fields, 958 hectares of dryland cropping, 917 hectares of land that has potential to be developed to cropping with the balance, 1,266 hectares being grazing land. The irrigation development includes 7,000 ha of on farm storage within 3 cells. The irrigation area is located in two areas. The main area is located in the northern portion of the property adjacent to the Callandoon Creek and the southern portion on the southern boundary shared with Macintyre Downs Aggregation. The development has been completed for over 15 years and represents a good standard for a flood irrigation property.

Water rights underpinning the development include three allocations. They include a QLD supplemented allocation of 900 megalitres, a QLD un-supplemented allocation of 965 megalitres and a NSW general security allocation of 1,800 megalitres. There would also be some access to overland flow and storm water runoff from within the field. Overall we consider that the property does not have adequate water to irrigate the developed area sufficiently and additional water is required to be transferred in to achieve this.

Structural improvements are sound and include staff accommodation, workshop, sundry shed, silos and cattle yards.

The property was bought by an adjoining owner. The adjoining owner's property is considered not to have sufficient storage and land development to fully utilise the available water rights and as such acquiring this property compliments their existing holdings.

| Apportionment | | | | |
|--------------------------|--|------------|------------|--------------|
| Land | | Area (ha) | Rate \$/ha | |
| Average Cotton Hectare | | 350.00 @ | \$22,000 | \$7,700,000 |
| Rotation Land | | 904.00 @ | \$3,750 | \$3,390,000 |
| Dryland Cropping | | 958.00 @ | \$1,900 | \$1,820,200 |
| Potential Cropping | | 917.00 @ | \$1,250 | \$1,146,250 |
| Grazing and Support Land | | 1,266.41 @ | \$1,000 | \$1,266,410 |
| | | | | \$15,322,860 |
| Structures | | | | |
| All Structures | | | Say | \$325,000 |
| Total Apportionment | | | | \$15,647,860 |

SALE 2

"Undabri", Goodar Road, Goondiwindi, Qld

| Sale Details/Comment | Sale Price | Sale Date | Land Area (ha) | All Incl Rate (\$/ha) | Land Rate (\$/ha) |
|----------------------|--------------|-----------|----------------|-----------------------|-------------------|
| | \$18,000,000 | Jun-2014 | 10,441.00 | \$1,724 | \$1,461 |

Doyle Group Pty Ltd to Oriental Agriculture

"Undabri" is located approximately 25 kilometres, by road, north-west of Goondiwindi. The location is an established irrigated and dryland cropping area situated on the Macintyre River floodplain.

The property comprises a land area of approximately 10,441 hectares. Development includes a 1,046 hectare irrigation development that comprises 990 hectares of developed lateral move and centre pivot irrigation fields and 56 hectares of flood irrigation fields. There are approximately 172 hectares under storage, dryland cropping of 2,195 hectares and improved grazing and support land of 7,029 hectares.

Three on farm water storages comprise a total capacity of 5,150 megalitres. They are supported by pump stations and lift pumps.

Water allocations associated with the property included supplemented allocation of approximately 1,800 megalitres and 4,594 megalitres (nominal volume) of un-supplemented allocation. There is scope to further increase the productive area of irrigation.

The development is sound and of a good modern standard. Fencing and waters are very good with an extensive area of improved pastures. There is some fragmentation of the pastures, however the scale is adequate to minimise any inefficiencies. The grazing enterprise is considered capable of carrying approximately 2,200 to 2,500 Adult Equivalents.

There are extensive structural improvements of a well maintained standard.

Circumstances of the sale are under forced conditions and a long negotiation period occurred before a sale was completed.

Apportionment

| Land | Area (ha) | Rate \$/ha | |
|---------------------------------------|------------|------------|---------------------|
| Average Cotton Hectare Area | 825.00 @ | \$7,500 | \$6,187,500 |
| Irrigation - Rotation | 221.00 @ | \$2,500 | \$552,500 |
| Dryland Cultivation | 2,194.00 @ | \$1,800 | \$3,949,200 |
| Area Under Storage (included in ACHA) | 172.00 @ | \$0 | \$0 |
| Grazing and Support Land | 7,029.00 @ | \$650 | \$4,568,850 |
| | | | <u>\$15,258,050</u> |

| Water | Volume (ML) | Rate \$/ML | |
|-------------------------------------|-------------|------------|-------------|
| Surplus Un-supplemented Allocations | 2,536.00 @ | \$800 | \$2,028,800 |

Structures

| | | |
|----------------|-----|-----------|
| All Structures | Say | \$600,000 |
|----------------|-----|-----------|

| | |
|---------------------|--------------|
| Total Apportionment | \$17,886,850 |
|---------------------|--------------|

SALE 3

"South Giddi Giddi", Eurone Road, Goodar, QLD

| Sale Details/Comment | Sale Price | Sale Date | Land Area (ha) | All Incl Rate (\$/ha) | Land Rate (\$/ha) |
|----------------------|-------------|-----------|----------------|-----------------------|-------------------|
| | \$6,000,000 | Jun-2014 | 1,493.91 | \$4,016 | \$3,794 |

Craig Doyle Rural Holdings Pty Ltd to Nebrean Pty Ltd

"South Giddi Giddi" is located approximately 35 kilometres north west of Goondiwindi with double frontage to Goodar Road. It is positioned on the northern side of the Weir River which forms the property's southern boundary.

Topography is described as gently undulating to flat with the property draining from the north to the south. Land types are generally good quality black soil coolibah floodplains associated with the Weir River. The soils are well regarded for their ability to support long term cropping and irrigation.

Development includes 889 hectares (60%) of flood irrigation, 224 hectares (15%) under storages, 34.64 hectares (2%) of support land and a remaining 312.27 (23%) hectares of balance land.

The irrigation development is supported by a variety of water rights including water allocations, flood harvesting and in-field catchments. According to the hydrology report provided there is approximately 3,973 megalitres of water available, which converts to an Average Cotton Hectare Area (ACHA) of approximately 460 hectares that can be reliably irrigated on a Year In Year Out basis.

Structures on "South Giddi Giddi" include a large homestead, workers residence, workers quarters, transportable accommodation unit, machinery shed, hangar, 260 tonnes of silo storage, 50,000L bulk fuel storage and an earth formed air strip.

The property was previously operated as part of the "Undabri aggregation". It was purchased by the adjoining owner. The circumstances of the sale are forced. The property had been flood affected in the 2011 flood events with the protective earth embankment around the structures being breached by the record floods.

Apportionment

| Land | Area (ha) | Rate \$/ha | |
|-----------------------------|-----------|------------|--------------------|
| Average Cotton Hectare Area | 460.00 @ | \$9,000 | \$4,140,000 |
| Irrigation - Rotation | 426.00 @ | \$3,000 | \$1,278,000 |
| Grazing and Support Land | 383.91 @ | \$650 | \$249,542 |
| | | | <u>\$5,667,542</u> |

Structures

| | | |
|----------------|-----|-----------|
| All Structures | Say | \$330,000 |
|----------------|-----|-----------|

| | |
|---------------------|-------------|
| Total Apportionment | \$5,997,542 |
|---------------------|-------------|

SALE 4

"Clyde Aggregation", Various, Bourke & Brewarrina, NSW

| Sale Details/Comment | Sale Price | Sale Date | Land Area (ha) | All Incl Rate (\$/ha) | Land Rate (\$/ha) |
|----------------------|--------------|-----------|----------------|-----------------------|-------------------|
| | \$35,000,000 | Mar-2014 | 34,139.69 | \$1,025 | \$953 |

Clyde Agriculture Pty Ltd. to Harris

"Clyde Aggregation" is a large scale freehold and leasehold (Western Lands Lease) aggregation of four individual properties located in the Bourke and Brewarrina districts of western New South Wales. The aggregation is located in close proximity to the Kamilaroi and Mitchell Highways and features frontage to the Darling and Barwon Rivers.

"Janbeth" and "Latoka" are adjacent and located within 20 kilometres of Bourke. "Beemery" is located 45 kilometres east of Bourke whilst "Rumleigh" is located a further 60 kilometres east, on the southern environs of Brewarrina.

"Clyde Aggregation" is largely operated as a large-scale irrigated cotton and cash cropping enterprise. The aggregation is benefited by 38,668 megalitres of Class B irrigation water entitlement, 166 megalitres of Class A water and 4 megalitres of Class C water. All water is sourced from the Barwon-Darling Unregulated and Alluvial Water Sources. Water storages on the aggregation comprise 17 separate storages with a total capacity of approximately 58,283 megalitres.

Structural improvements on the aggregation include 7 homesteads, 12 additional dwellings and extensive rural shedding.

Apportionment

| Land | Area (ha) | Rate \$/ha | |
|-----------------------------|-------------|------------|---------------------|
| Average Cotton Hectare Area | 3,238.00 @ | \$7,350 | \$23,799,300 |
| Rotation Land | 5,780.10 @ | \$800 | \$4,624,080 |
| Support & Grazing | 19,464.54 @ | \$200 | \$3,892,908 |
| Remnant Vegetation | 3,129.00 @ | \$65 | \$203,385 |
| | | | <u>\$32,519,673</u> |

Structures

| | | |
|----------------------|-----|--------------------|
| "Janbeth" structures | Say | \$750,000 |
| "Latoka" structures | Say | \$700,000 |
| "Beemery" | Say | \$590,000 |
| "Rumleigh" | Say | \$285,000 |
| | | <u>\$2,325,000</u> |

| | |
|---------------------|--------------|
| Total Apportionment | \$34,844,673 |
|---------------------|--------------|

SALE 5

"Mobandilla" & "Kingumbilla", 3444 Barwon Highway, Goodar, QLD

| Sale Details/Comment | Sale Price | Sale Date | Land Area (ha) | All Incl Rate (\$/ha) | Land Rate (\$/ha) |
|----------------------|--------------|-----------|----------------|-----------------------|-------------------|
| | \$12,000,000 | Jun-2013 | 5,443.39 | \$2,205 | \$2,057 |

Mobandilla Land Company Limited to Toobeah Farming Pty Ltd

"Mobandilla" is located on the north western corner of the intersection with Barwon Highway and Gooray Road. "Kingumbilla" is located approximately 10 km north of the Barwon Highway via Gooray Road.

"Mobandilla" and "Kingumbilla" is a developed irrigation aggregation located west of Goondiwindi. Water is sourced from Supplemented, Un-supplemented Entitlements and overland flow. "Mobandilla" has approximately 1,158 ha of developed irrigation fields and "Kingumbilla" has a developed irrigation area of approximately 388 ha.

Generally level to gently sloping land forms associated with flood plains, occasionally broken with channels and anna-branches from the Weir River, which forms the northern boundary of "Mobandilla" and the southern boundary of "Kingumbilla".

The soils comprise alluvial black, brown self-mulching clays and clay loams. There are small areas of red brown loams. Soils are considered suitable for long term farming.

The property was under control of receivers at the time of sale and was in very poor condition.

Apportionment

| Land | Area (ha) | Rate \$/ha | |
|-----------------------------|------------|------------|---------------------|
| Average Cotton Hectare Area | 1,148.00 @ | \$6,500 | \$7,462,000 |
| Irrigation - Rotation | 399.00 @ | \$1,500 | \$598,500 |
| Cultivation Land | 1,673.50 @ | \$1,250 | \$2,091,875 |
| Balance Land | 1,901.20 @ | \$550 | \$1,045,660 |
| | | | <u>\$11,198,035</u> |

Structures

| | | |
|----------------|-----|-----------|
| All Structures | Say | \$800,000 |
|----------------|-----|-----------|

| | |
|---------------------|--------------|
| Total Apportionment | \$11,998,035 |
|---------------------|--------------|

SALE 6

"MacIntyre Downs", South Callandoon Road, Goondiwindi, QLD

| Sale Details/Comment | Sale Price | Sale Date | Land Area (ha) | All Incl Rate (\$/ha) | Land Rate (\$/ha) |
|----------------------|--------------|-----------|----------------|-----------------------|-------------------|
| | \$34,500,000 | Feb-2013 | 5,415.69 | \$6,370 | \$6,167 |

PrimeAg Australia Ltd to Global Ag Properties Australia Limited

Located approximately 45 radial kilometres west of Goondiwindi.

"MacIntyre Downs" comprises a mix of good quality black soil plains and self-mulching clays originally comprising open to lightly timbered land. There is a small area of poorer quality soils associated with a ridge in the south eastern corner of the property.

The land has been developed to include approximately 2,199 hectares of developed irrigation land of which 1,406 hectares is classified as Average Cotton Hectares and 793 hectares of irrigation rotation land. An additional 154 hectares is given over to dam storage facilities, 1,563 hectares of grazing land, support land and roads etc. and 967 hectares of dryland cultivation. An additional area of 532 hectares is included as support land and leasehold grazing areas.

The property's water allocation comprises a mix of supplementary allocation from Glen Lyon Dam (5,710 ML) and un-supplemented water (6,912 ML nominal allocation and 17,278 ML volumetric limit). The property has 12,000 ML of on farm storage capacity. "MacIntyre Downs" has access to overland flow when the river reaches a height of approximately 8.2 metres at the Goondiwindi gauge.

Approximately 20% to 25% of the Average Cotton Hectare Area is supported by supplemented allocation. The balance is supported by un-supplemented allocation and overland flow. Structures are extensive and of a good standard.

The property has been well managed in the past and the previous owners were once awarded Cotton Grower of the Year. The property has access to overland flow but this is limited by its on farm storage capacity which totals 12,000 ML including sumps and surge areas. This is considered on the low side of what is required to maximise its access to diversion opportunities to high flows from the MacIntyre River.

Apportionment

| Land | Area (ha) | Rate \$/ha | |
|---------------------------------------|------------|------------|---------------------|
| Average Cotton Hectare Area | 1,406.00 @ | \$18,000 | \$25,308,000 |
| Irrigation - Rotation | 793.00 @ | \$4,250 | \$3,370,250 |
| Dryland Cultivation | 966.86 @ | \$2,500 | \$2,417,150 |
| Area Under Storage (included in ACHA) | 154.34 @ | \$0 | \$0 |
| Balance Grazing and Support Land | 2,095.49 @ | \$1,100 | \$2,305,039 |
| | | | <u>\$33,400,439</u> |

Structures

| | | |
|----------------------|-----|-------------|
| Extensive Structures | Say | \$1,070,000 |
|----------------------|-----|-------------|

| | |
|---------------------|--------------|
| Total Apportionment | \$34,470,439 |
|---------------------|--------------|

SALE 7

"Mullala", Bruxner Highway, Boggabilla, NSW

| Sale Details/Comment | Sale Price | Sale Date | Land Area (ha) | All Incl Rate (\$/ha) | Land Rate (\$/ha) |
|----------------------|--------------|-----------|----------------|-----------------------|-------------------|
| | \$16,000,000 | Jul-2012 | 1,425.97 | \$11,220 | \$10,559 |

PrimeAg Australia Ltd to Global Ag Properties Australia

Located on the eastern side of the Bruxner Highway (sealed) approximately 10 radial kilometres south east of Boggabilla and approximately 20 radial kilometres south east of Goondiwindi.

Soils comprise good quality soil plains and self mulching clays. There is a small area of sandier / poorer producing land associated with a low ridge in the south-eastern corner of "Mullala".

The land is developed with an irrigation area of 761 hectares which is estimated to have an average cotton hectare area of 600 hectares plus an additional 161 hectares of irrigation rotation land. Balance land comprises 120 hectares under water storage, 365 hectares of grazing land and support areas and 179.89 hectares of dryland cultivation.

Water for "Mullala" is accessed from the Pindari Dam via the Merrawah Water Users Association and includes 5 x 972 megalitre allocations totalling 4,860 ML.

Structures include two houses, grain storage, machinery shed and workshop.

| Apportionment | | | | |
|-----------------------------|--|-----------|------------|---------------------|
| Land | | Area (ha) | Rate \$/ha | |
| Average Cotton Hectare Area | | 600.00 @ | \$22,000 | \$13,200,000 |
| Rotation Cotton | | 161.00 @ | \$4,750 | \$764,750 |
| Dryland Cultivation | | 179.00 @ | \$3,250 | \$581,750 |
| Grazing | | 365.00 @ | \$1,400 | \$511,000 |
| | | | | <u>\$15,057,500</u> |
| Structures | | | | |
| Extensive Improvements | | | Say | \$942,500 |
| Total Apportionment | | | | <u>\$16,000,000</u> |

SALE 8

"Cubbie Group", Cubbie Road, Dirranbandi, QLD

| Sale Details/Comment | Sale Price | Sale Date | Land Area (ha) | All Incl Rate (\$/ha) | Land Rate (\$/ha) |
|----------------------|---------------|-----------|----------------|-----------------------|-------------------|
| | \$232,000,000 | Oct-2012 | 86,251.00 | \$2,690 | \$2,644 |

Cubbie Station Group to Lempriere et al

"Cubbie Station" is Queensland's largest irrigation property and is located near Dirranbandi on the Lower Balonne River. The transaction involved the concurrent purchase of the irrigation properties "Aspen" and "Anchorage" for a total of \$232,000,000.

"Cubbie Station" comprises a variety of water rights with a significant amount from overland flow, with the majority un-supplemented allocations, and from allocation at the St George Irrigation Area.

We have valued each of the three properties individually and these analysis show ranges of between \$7,250 and \$18,000/ACHA. The property has extensive structures including a very large workshop, bulk grain storage facility, extensive accommodation and an administrative block.

The "Cubbie Group" was sold to a consortium of overseas and local investors.

Apportionment

| Land | Area (ha) | Rate \$/ha | |
|-----------------------------|-------------|------------|----------------------|
| Average Cotton Hectare Area | 13,696.00 @ | \$14,200 | \$194,483,200 |
| Irrigation - Rotation | 8,223.00 @ | \$2,200 | \$18,090,600 |
| Dryland Cultivation | 5,440.00 @ | \$800 | \$4,352,000 |
| Grazing and Support Land | 47,284.00 @ | \$235 | \$11,111,740 |
| | | | <u>\$228,037,540</u> |

Structures

| | | |
|------------------------|-----|-------------|
| Extensive Improvements | Say | \$3,933,350 |
|------------------------|-----|-------------|

| | |
|---------------------|---------------|
| Total Apportionment | \$231,970,890 |
|---------------------|---------------|

SALE 9

"Milo Aggregation", Newell Highway, Moree, NSW

| Sale Details/Comment | Sale Price | Sale Date | Land Area (ha) | All Incl Rate (\$/ha) | Land Rate (\$/ha) |
|----------------------|--------------|-----------|----------------|-----------------------|-------------------|
| | \$77,500,000 | Jan 2008 | 10,265.00 | \$7,550 | \$7,391 |

AFF to IAI Australia Pty Ltd

Located 25 kilometres north of Moree in the Gwydir Valley and comprises a large good quality aggregation which has been primarily developed for irrigated cotton.

Soils comprise mainly quality black and grey soil plains. Good quality irrigation development with water accessed by channel. Pastures include native grasses with native medics and herbages. Cropping land is fertilised in accordance with rotational requirements. Grazing land is not fertilised.

Structures comprise a large weatherboard homestead, offices, fibro cottage, quarters, hayshed, machinery shed, car shed, storage shed, cattle yards and sundry rural shedding.

Water entitlements include 71,000 megalitres of on-farm storage, 18,110 megalitres of allocation from the Gwydir River and 900 megalitres from bore water. "Milo" has its own private water scheme.

Sold to an overseas investor and leased back to vendor. Our analysis of the values of the Average Cotton Hectare areas apportioned to the different water rights reflected a range of \$15,000 to \$28,000. General Security entitlements were at the upper end of the range.

Apportionment

| Land | Area (ha) | Rate \$/ha | |
|-----------------------------|------------|------------|---------------------|
| Average Cotton Hectare Area | 2,500.00 @ | \$21,250 | \$53,125,000 |
| Irrigation - Rotation | 2,258.00 @ | \$3,750 | \$8,467,500 |
| Dryland Cultivation | 4,226.00 @ | \$3,000 | \$12,678,000 |
| Grazing and Support Land | 1,281.00 @ | \$1,250 | \$1,601,250 |
| | | | <u>\$75,871,750</u> |

Structures

| | | |
|----------------------|-----|-------------|
| Extensive Structures | Say | \$1,629,000 |
|----------------------|-----|-------------|

| | |
|---------------------|--------------|
| Total Apportionment | \$77,500,750 |
|---------------------|--------------|

7 VALUATION

7.1 Introduction

Introduction: ■ Subject to the qualifications and assumptions contained within the body of this report, we have assessed the Current Market Value of the properties, excluding GST, as detailed below.

| Portfolio Summary | Valuation (Actual) | Valuation (Rounded) |
|--|-------------------------------|--------------------------------|
| Walnuts Australia | | |
| "Leeton Orchard", 148 Colinroobie Road, Leeton, NSW | \$39,900,000 | \$39,900,000 |
| "Tabbita Orchard", 1739 Tabbita Lane, Goolgowi, NSW | \$25,430,000 | \$25,430,000 |
| "Avondale West", Tabbita Lane, Tabbita, NSW | \$4,879,960 | \$4,880,000 |
| "Swansea Orchard", Tasman Highway, Swansea, TAS | \$8,430,000 | \$8,430,000 |
| "Cranbrook Orchard", Tasman Highway, Swansea, TAS | \$236,446 | \$240,000 |
| Total | \$78,876,406 | \$78,880,000 |
| Tandou Limited | | |
| "Bundygoola", Sturt Highway, Hay, NSW | \$9,210,000 | \$9,210,000 |
| "Glenmea", Sturt Highway, Hay, NSW | \$6,362,708 | \$6,360,000 |
| "Pevensey", Sturt Highway, Hay, NSW | \$241,444 | \$240,000 |
| "Tandou Farm", Pooncarie-Menindee Road, Menindee, NSW | \$34,555,117 | \$34,500,000 |
| Water Entitlements - Southern Connected Murray Darling Basin | \$86,990,000 | \$86,990,000 |
| Total | 137,359,268 | 137,300,000 |
| Bengerang Limited | | |
| "Bengerang Aggregation", Carnarvon Highway, Garah, NSW | \$79,771,269 | \$79,750,000 |
| "Darling Farms", Hungerford Road, Bourke, NSW | \$32,356,410 | \$32,600,000 |
| "Lakeland Downs", Nelgai Road, Condamine, QLD | \$6,499,000 | \$6,500,000 |
| Total | \$118,626,679 | \$118,850,000 |

8 QUALIFICATIONS

The report must be read in accordance with and subject to the following qualifications:

| | |
|--------------------------------|---|
| Valuation subject to change | Values vary from time to time in response to changing market circumstances. The valuation is based on available information as at the date of valuation. No warranty can be given as to the maintenance of this value into the future. Therefore, it should be reviewed periodically. |
| Extent of investigations | We are not engaged to carry out all possible investigations in relation to the property. Where in our report we identify certain limitations to our investigations, this is to enable the Reliant Party to instruct further investigations where considered appropriate or where we recommend as necessary prior to Reliance. CBRE is not liable for any loss occasioned by a decision not to conduct further investigations. |
| Assumptions | Assumptions are a necessary part of undertaking valuations. CBRE adopts assumptions for the purpose of providing valuation advice because some matters are not capable of accurate calculation or fall outside the scope of our expertise, or our instructions. The Reliant Party accepts that the valuation contains certain specific assumptions, and acknowledges and accepts the risk that if any of the assumptions adopted in the valuation are incorrect, then this may have an effect on the valuation. |
| Information supplied by others | The valuation contains information which is derived from other sources. Unless otherwise specifically instructed by you and/or stated in the valuation, we have not independently verified that information, nor adopted it as our own, or accepted its reliability. The Reliant Party accepts the risk that if any of the unverified information/advice provided by others and referred to in the valuation is incorrect, then this may have an effect on the valuation. |
| Future matters | To the extent that the valuation includes any statement as to a future matter, that statement is provided as an estimate and/or opinion based on the information known to CBRE at the date of this document. CBRE does not warrant that such statements are accurate or correct. |

9 CONTACT DETAILS

- Valuer:**
- Tim McKinnon
Senior Director - Agribusiness
T 61 3 8605 4581
M 61 448 802 309
E tim.mckinnon@cbre.com.au
- Valuer:**
- Daniel Thomas
Regional Director - Agribusiness
T 61 3 8605 4580
M 61 439 349 977
E danny.thomas@cbre.com.au
- Office:**
- CBRE Valuations Pty Limited
ABN 15 008 912 641
Level 34, 8 Exhibition Street
Melbourne VIC 3000
www.cbre.com.au

Appendix 4: Colliers Valuation



13 March 2015

Ms Piera Murone
Executive Director
Pitcher Partners Corporate Finance (Vic) Pty Limited
Level 19, 15 William Street
Melbourne VIC 3000

Dear Ms Murone,

RE: SUMMARY OF VALUATION REPORTS
"KOOBA AGGREGATION", DARLINGTON POINT & EUABALONG NSW
PROPERTY PORTFOLIO VALUATION AS AT 15 DECEMBER 2014

1 INSTRUCTIONS

In accordance with our formal terms of engagement dated 24 November 2014, CIVAS (NSW) Pty Limited (CIVAS) have undertaken valuations of the three properties collectively referred to as the "Kooba Aggregation", Darlington Point, NSW as at 15 December 2014. We have been instructed to provide this summary letter on the properties for inclusion in an Independent Experts report. For further detailed information, reference should be made to the full valuation reports as per the below reference numbers dated 15 December 2014 ("the Valuation Reports") held by Webster Limited.

We confirm that the valuation complies with all relevant industry standards and codes.

2 VALUATION SUMMARY

In preparing the valuations for Webster Limited we were requested to value the land, water entitlements and fixed infrastructure across the "Kooba Aggregation" that were subject to a contract of sale at the date of valuation.

We have assessed the market value of the 100% freehold interest 'In Use' and subject to Vacant Possession, as at 15 December 2014:

| "Kooba Aggregation" | | | | |
|--|---------------|---------------------|---------------------|----------------------|
| Property | Colliers Ref. | Land Value | Water Value | Value (Rounded) |
| "Kooba Station", Kidman Way, Darlington Point NSW | C5759a | \$26,708,773 | \$37,372,035 | \$64,100,000 |
| "Bringagee & Benerembah Station", Darlington Point NSW | C5759b | \$17,700,330 | \$19,544,880 | \$37,250,000 |
| "Booberoi Station", Booberoi Road, Euabalong NSW | C5759c | \$4,385,129 | \$3,623,600 | \$8,000,000 |
| Total Aggregation Value | | \$48,794,232 | \$60,540,515 | \$109,350,000 |





3 BASIS OF VALUATION

The Valuation Reports have been completed in accordance with the following definition of Market Value as defined by the International Valuation Standards Committee (IVSC), endorsed by the Australian Property Institute (API) and embodied within the current Corporations Law:

"Market Value is the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

The Valuation Reports are provided by CIVAS and not by any other company in the Colliers International Group. The Valuation Reports have been prepared for **Webster Limited** for a combination of **Financial Reporting and First Mortgage Security** purposes with the latter extended to **National Australia Bank Limited** for reliance purposes and should not be relied upon for any other purpose or by any other person. CIVAS accepts no responsibility for any statements in the valuation reports other than for the stated purpose. This summary letter is issued on the basis that no liability attaches to the companies in the Colliers International Group other than CIVAS in relation to any statements contained in this summary letter and the Valuation Reports.

4 DATE OF VALUATION

15 December 2014 based upon our inspection between the dates 15 December 2014 to 17 December 2014. Due to possible changes in market forces and circumstances in relation to the subject properties the Valuation Reports can only be regarded as representing our opinion of the value of the properties as at the date of valuation, which has been based on appropriate assumptions determined as at the date of valuation. We have assumed the properties are in the same condition as at the valuation date as the inspection dates.

5 BRIEF DESCRIPTIONS

"Kooba Station"

Located within the Riverina region of NSW "Kooba Station" forms part of a larger portfolio. The property is extensive and comprises a total land area of approximately 19,458 hectares of which approximately 3,900 hectares has been developed for laser levelled row crop irrigation. The balance of the land consists of laser levelled square bays, border check irrigation layouts along with dryland grazing and remnant vegetation.

Irrigation water entitlements are also extensive comprising a total entitlement of 52,768 megalitres which is contained in a combination of High, General and Supplementary Security Murrumbidgee Regulated River Water, Lower Murrumbidgee Deep Groundwater and shares within the Murrumbidgee Irrigation Limited scheme.



Structures are extensive with 12 separate dwellings and include the historic "Kooba" homestead, workshop, numerous machinery / storage sheds, a grain drying facility, shearing shed, feedlot, three sets of cattle yards, a set of sheep yards as well as numerous other sundry structures and outbuildings.

"Bringagee & Benerembah Stations"

Located within the Riverina region of NSW "Bringagee / Benerembah Stations" form part of a larger portfolio. The properties are extensive and comprise a total land area of approximately 19,246 hectares of which approximately 2,650 hectares has been developed for laser levelled row crop irrigation. The balance of the land consists of laser levelled border check irrigation layouts along with dryland grazing and remnant vegetation.

Irrigation water entitlements are also extensive comprising a total entitlement of 24,242 megalitres which is contained in a combination of High, General and Supplementary Security Murrumbidgee Regulated River Water and Lower Murrumbidgee Deep Groundwater.

Structures are extensive with nine separate dwellings and quarters, a workshop, main machinery / storage / workshop, a grain drying facility, three sets of cattle yards, as well as numerous other sundry structures and outbuildings.

"Booberoi Station"

Located within the Riverina region of NSW "Booberoi" forms part of a larger portfolio. The property comprises a total land area of approximately 8,159 hectares of which approximately 544 hectares has been developed for laser levelled row crop irrigation. The balance of the land consists of border check irrigation layouts along with dryland grazing and remnant vegetation.

Irrigation water entitlements comprise a total entitlement of 19,667 megalitres which is contained in a combination of General Security Lachlan Regulated River Water as well as a large percentage of Unregulated Booberoi Creek entitlements.

The structures include several dwellings, in varying condition, main office building, numerous machinery and storage sheds, workshops, grain storages, livestock yards and shearing sheds.

6 VALUATION METHODOLOGY

In assessing the value of assets such as the subject aggregation, in our opinion, the most appropriate methodology is to adopt one that is likely to be adopted by a market participant seeking to acquire similar property. Discussions with agents active in the market together with purchasing and selling parties have disclosed the most appropriate method for valuing the subject properties is likely to be a combination of the direct comparison and summation approaches.



These approaches involve the analysis of comparable sales of properties to determine an appropriate price per hectare for the identified land types on the subject properties. To the estimated value of the land we have then added the likely value of the structural improvements contained thereon and the water entitlements held to determine an overall market value for the properties.

Additional valuation methods for intensive agriculture and other forms of real estate include a Discounted Cash Flow (DCF) over a ten year time horizon with a hypothetical terminal value at year ten and the capitalisation of net maintainable earnings based on comparable sales data to derive an appropriate capitalisation rate. Farming properties rarely trade on this basis, however purchasers are invariably mindful of potential income and cost/risk profiles. These methods of valuation are suited towards assets that have a consistent and clearly defined income stream.

We regard the combination of direct market comparison and summation assessment to be consistent with that likely to be adopted by market participants and as such, the appropriate methodology in this instance for valuing the "Kooba Aggregation".

Our valuations have been undertaken on a GST exclusive basis.

7 VALUATION ANALYSIS AND ASSUMPTIONS

In preparing our valuation on the "Kooba Aggregation" we have had particular regard to the following sales, inclusive of water entitlements, when apportioning the value between the constituent parts of the holding. Due to the large variance in the size, location, development, water entitlements and other key value drivers we have made a number of adjustments to our valuation analysis. These adjustments reflect the inherent characteristics, both positive and negative of the "Kooba Aggregation" and its current position within the market place.

| Address | Sale Date | Sale Price | Total Area (ha) | Gross Rate (\$ / Ha) | Laser Levelled Row Cropping (\$ / Ha) | Laser Levelled Square Bays (\$ / Ha) | Border Check / Contour Bays (\$ / Ha) | Grazing (\$ / Ha) |
|-----------------------|-----------|--------------|-----------------|----------------------|---------------------------------------|--------------------------------------|---------------------------------------|-------------------|
| "Newmarket" | May-14 | \$8,000,000 | 17,156.00 | \$466 | \$1,400 | \$1,400 | \$400 | \$275 |
| "Gundaline" | Feb-14 | \$25,000,000 | 15,050.00 | \$790 | \$1,750 | \$1,250 | \$400 | \$275 |
| "Bundygoola" | Dec-13 | \$33,200,000 | 7,718.88 | \$1,096 | \$1,500 | - | - | \$275 |
| "Coleambally Station" | Feb-13 | \$12,000,000 | 8,393.90 | \$1,011 | \$1,850 | - | - | \$493 |
| "Cobran Station" | Nov-12 | \$18,400,000 | 17,201.00 | \$802 | \$1,750 | \$1,100 | \$500 | \$275 |
| "Uardry Station" | Oct-12 | \$28,000,000 | 34,618.00 | \$385 | \$2,000 | \$1,200 | \$500 | \$300 |
| "Tubbo Irrigation" | Jun-11 | \$10,217,000 | 5,034.00 | \$1,372 | \$2,250 | - | - | \$385 |
| "Huddersfield" | Nov-10 | \$13,500,000 | 1,242.90 | \$3,781 | \$3,000 | - | - | \$1,000 |



The above mentioned sales all comprised extensive water entitlements apportioned at between 16% ("Newmarket") and 75% ("Bundygoola") of the total capital value with the land and buildings component making up the balance. It is not uncommon for properties in this location with similar development to comprise an extensive volume and value of water entitlements to effectively irrigate the properties.

Furthermore, it is considered that the "Kooba Aggregation" comprises significant underlying land value due to its inherent future development potential and land use changes that could be achieved. Whilst we note that this has not yet occurred we believe that the underlying value is influenced by this potential.

Given the location, access, soil and land types as well as associated water licences it is considered that the "Kooba Aggregation" has the potential to undergo the following land use changes which may potentially further enhance future value;

1. Further develop irrigation areas and/or conversion of older irrigation layouts to more efficient layouts namely for the production of cotton, which is considered to be the highest returning annual crop suited to the land at this point.
2. Development of suitable portions of the land to higher value permanent crops (eg. Almonds, Walnuts, or other horticultural plantings (outside of permanent crops); and
3. Subdivide and sell portions of the property which are likely to achieve a high gross realisation price by selling smaller, more intensive holdings.

In summarising the above we provide the following range of land values that have been adopted across the "Kooba Aggregation" for the various land types as well as the total apportioned value for building improvements. The value of building improvements has been adopted using a combination of the summation and depreciated replacement cost methods consistent with the methodology utilised in analysing the comparable sales evidence and that utilised by market participants.

| Land Types | Low Range (\$/ha) | High Range (\$/ha) |
|--|-------------------|--------------------|
| Irrigation – Laser Levelled Row Cropping | \$1,500 | \$3,250 |
| Irrigation – Laser Levelled Square Bays | \$2,000 | \$2,000 |
| Irrigation – Laser Levelled Border Check | \$1,200 | \$1,300 |
| Irrigation – Secondary Border Check & Contour Bays | \$525 | \$625 |
| Irrigation – Border Check (Improved Pastures) | \$500 | \$500 |
| Dryland Grazing | \$360 | \$600 |
| Remnant Vegetation | \$300 | \$300 |
| Building Improvements (Rounded) | - | \$5,800,000 |



The water component within the "Kooba Aggregation" comprises approximately 55 per cent of the total capital value of the aggregation which is consistent with the balance of the large sales evidence. The below commentary provides some background into the water entitlements held and their trading value as at the date of valuation. The below commentary reflects the conditions as at December 2014.

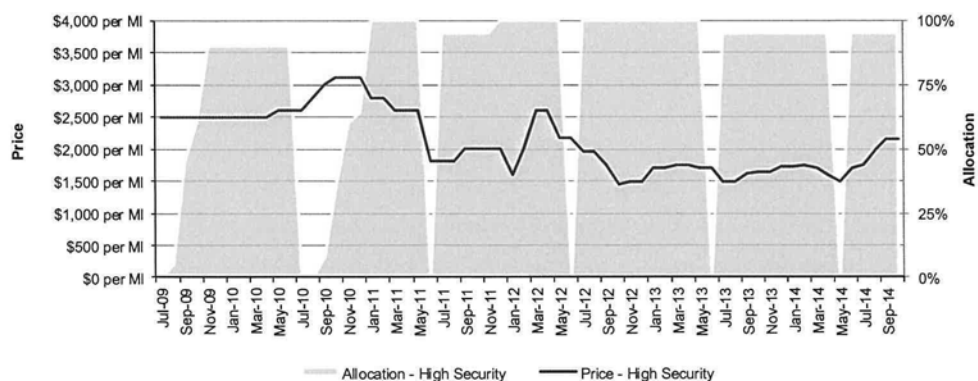
As at December 2014, the outlook was for dry conditions over the coming summer months. This coupled with a number of 'temporary water' sellers that are content to hold entitlements as prices increase has ensured demand continues to exceed supply within the Southern Connected Basin. Entitlement prices have remained at the levels seen during the third quarter of 2014 or in some cases trended slightly upwards in instances where buyers have raised their offer prices.

On the 28th of November the Federal Government announced a rolling Water Purchase Tender within southern NSW valleys that will continue until the 10th of April 2015. The tender aims to purchase eligible high and general water security licences within the NSW Lower Darling, Murray and Murrumbidgee under rolling two week submission periods. The current submission period closes on the 14th of December with suggestions that on market trading may slow even further as participants engage in the buyback and await evaluation notifications on the 22nd of December.

Trading prices for NSW Murrumbidgee High and General Security have increased slightly with a recent sale of high security at \$2,300/mL (with allocation) and some buyers now willing to take General Security at \$1,000/mL. Trades for NSW Murray General Security water below the choke have also occurred at \$1,000/mL, whilst high security continues to rest at around \$1,950 to \$2,000/mL. NSW Murray water above the choke has remained steady at \$850/mL to \$900/mL with very limited trade occurring and no discernible impact as yet following the hold on allocation trade from above the Barmah Choke.

The entitlement graphs below depict the weighted average prices (weighted on price and volume) within each of the trading zones for the last 6 months (Prior to December 2014) as well as outlining the volume of trade in giga litres. They have been compiled utilising data obtained from registered trades lodged with the relevant state authorities.

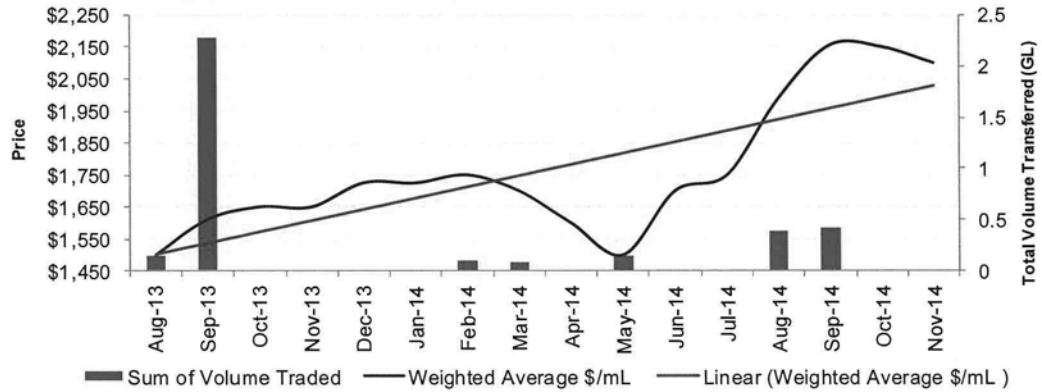
**Murrumbidgee Regulated River Water - High Security:
 5 Year Historical Trades and Allocations**



Source: NSW Office of Water



Murrumbidgee Regulated River - High Security: 6 Month Historical Trades and Volumes

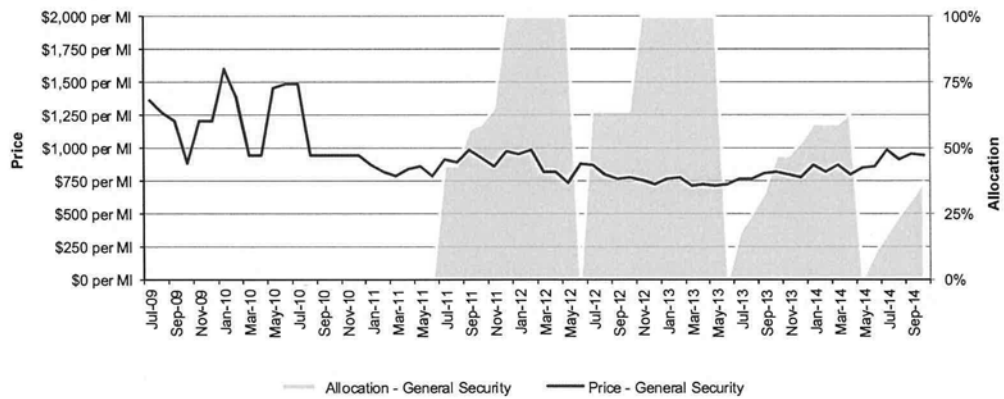


Source: NSW Office of Water

6 Month Weighted Average \$/mL

| Jun 14 | Jul-14 | Aug 14 | Sep 14 | Oct 14 | Nov 14 |
|---------|---------|---------|---------|---------|---------|
| \$1,700 | \$1,800 | \$1,990 | \$2,156 | \$2,150 | \$2,100 |

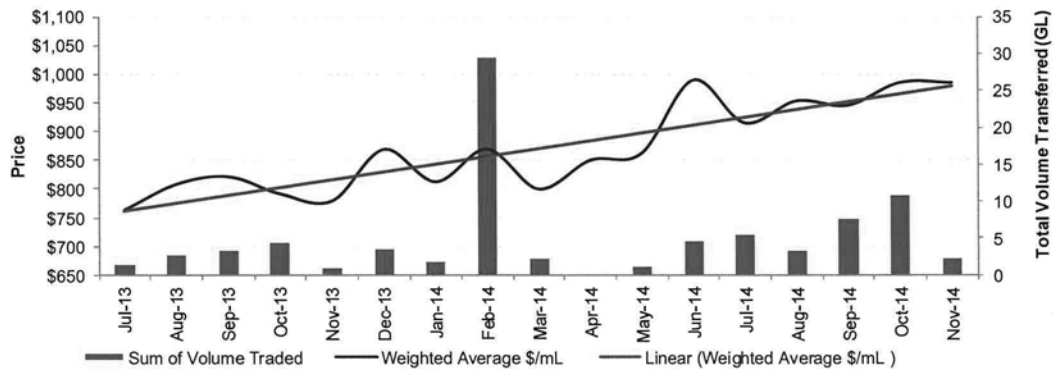
Murrumbidgee Regulated River Water - General Security: 5 Year Historical Trades and Allocations



Source: NSW Office of Water



Murrumbidgee Regulated River - General Security: 6 Month Historical Trades and Volumes



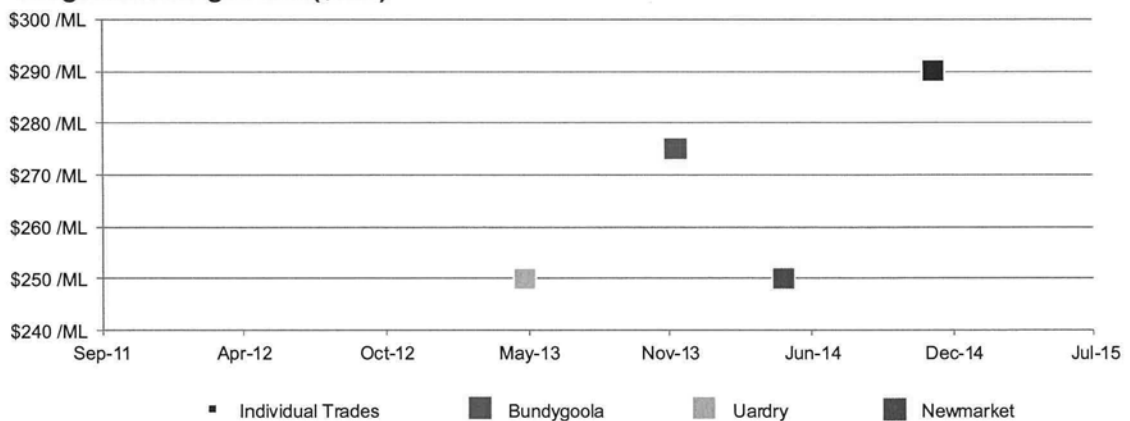
Source: NSW Office of Water

6 Month Weighted Average \$/mL

| Jun 14 | Jul-14 | Aug 14 | Sep 14 | Oct 14 | Nov 14 |
|--------|--------|--------|--------|--------|--------|
| \$862 | \$989 | \$915 | \$953 | \$945 | \$985 |

There have been limited transactions of Murrumbidgee Regulated River – Supplementary water, however we provide the following table which summaries the majority of transactions over the last 3 years.

Murrumbidgee Regulated River - Supplementary: Weighted Average Price (\$/ML)

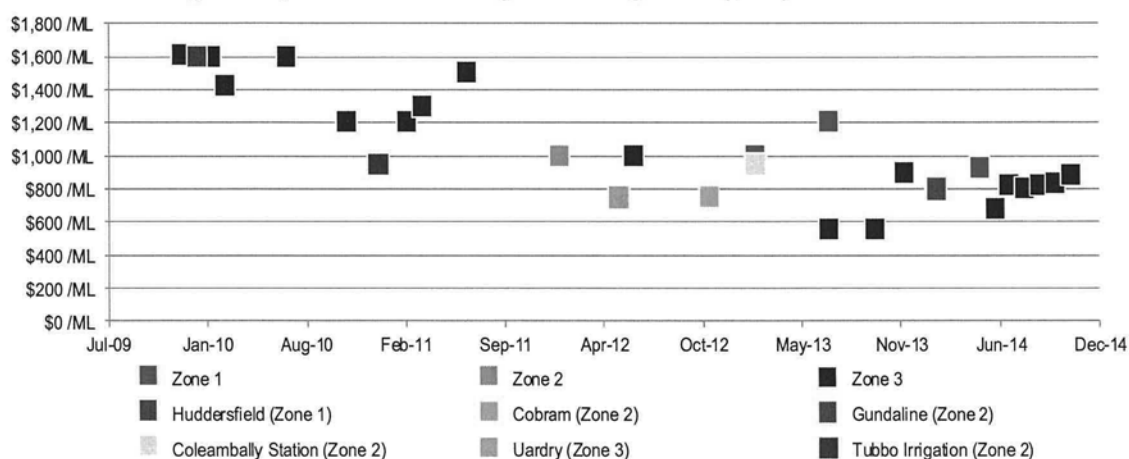


Source: NSW Office of Water & Colliers International Research



The following graph illustrates each individual trade of Lower Murrumbidgee Groundwater throughout the different zones.

Lower Murrumbidgee Deep Groundwater - Weighted Average Price (\$/ML)



Source: NSW Office of Water & Colliers International Research

Our valuation conclusions have been derived following our discussions with water brokers, real estate agents, government representatives and our independent research of market evidence within the Murray Darling Basin we have attributed the following values to the subject entitlements.

We assign the following market value on a dollar per megalitre basis as at 15 December 2014 assuming the entitlements are free of restrictions or other impediments of an onerous nature which would affect the tradability and ultimately value.

| Water Source | Zone | Security/Class | \$/mL |
|--------------------------------|---------|------------------------------------|---------|
| Murrumbidgee River | Zone 13 | Regulated River (High Security) | \$2,100 |
| Murrumbidgee River | Zone 13 | Regulated River (General Security) | \$985 |
| Murrumbidgee River | Zone 13 | Supplementary | \$290 |
| Murrumbidgee River | Zone 13 | Unregulated | \$75 |
| Lachlan River | - | Regulated River (General Security) | \$400 |
| Lower Murrumbidgee Groundwater | Zone 3 | Aquifer | \$850 |
| Lower Murrumbidgee Groundwater | Zone 2 | Aquifer | \$850 |
| Lower Murrumbidgee Groundwater | Zone 3 | Supplementary | Nil |



Key assumptions adopted for the "Kooba Aggregation" are contained in our Valuation Reports and include, but are not limited to the following:

- The properties were comprehensively inspected to the satisfaction of the valuers however we must point out that a full inspection of literally every portion of each property boundary was not undertaken. Rather, the properties were inspected from various points that gave a satisfactory overview to the valuer;
- CIVAS has been instructed to rely on title searches provided under the specific instructions of Webster Limited for cost saving purposes. As such fresh title searches have not been undertaken by CIVAS during the valuation. The searches provided are dated 12 June 2014 which is outside the required three month age period prescribed by the API valuation standards and Webster Limited accepts all risks arising from the reliance by the valuer on this information;
- The building descriptions including measurements included in the respective valuations are based on information provided by the farm management and notes taken at the time of inspection;
- Assumptions relating to planning approvals, encroachments and easement impacts as applicable to each property; and
- The water entitlements referred to herein can vary substantially in value in a relatively short period of time in accordance with seasonal weather conditions, legislative changes, supply and demand factors. Given that these entitlements comprise a large proportion of the value of the "Kooba Aggregation" we caution that the value may be subject to change in a relatively short period of time and as such inherent value risk attaches to these entitlements.

8 MARKET OVERVIEW

The Riverina district has been the focus of considerable corporate and institutional investment in recent years with demand mainly focussed on large scale irrigated cropping and grazing holdings. The region has been identified by this sector as representing favourable value from a production, water security, access to labour and markets, and value for money perspective. There has been a plethora of large scale irrigated cropping and grazing holdings that have transacted in the Murrumbidgee Valley / Western Riverina over the past 10 years and more particularly over the last 5 years.

The first major Riverina property portfolio to be offered for sale during this period was the Twynam Pastoral Company's portfolio which included "Steam Plains", "Mungadal" and "Cobran", which totalled in excess of 110,000 hectares and the sales of "Mungadal" and "Steam Plains" were the first of a number of large transactions within the region at a total value of a little over \$40,000,000 including water entitlements to Paraway Pastoral Company. "Cobran" was later sold by Twynam to Global Ag Properties (as known as Westchester) for a total consideration of approximately \$18,400,000 with additional water entitlements purchased post settlement.



"Tubbo" Station was offered to the market in 2009 and again in 2011 through an intensive marketing campaign, with the offering totalling 25,452 hectares, which included some 1,800 hectares developed for irrigation and a total 15,882 megalitres of water entitlements. The property was individually sold to a number of purchasers for a total (aggregate) consideration of almost \$50,000,000, including all water entitlements which were more extensive than that noted above.

In 2013, "Ravensworth" was listed for sale by expression of interest and comprised 14,303 hectares, with the majority being developed for irrigation, along with a large volume of water entitlements. The property failed to sell in-one-line with Tandou Limited purchasing "South Farm" (including 26,000 megalitres of General Security water entitlements, 6,086 megalitres of Murrumbidgee River Supplementary entitlements and 2,500 megalitres of Groundwater entitlements for a total of \$33,200,000.

The demand for larger properties in the Riverina region, particularly those with a strong cropping or grazing focus has remained relatively firm with land suitable for cotton production becoming increasingly sought after. Increased demand for properties suited to cotton production can be attributed to a lower capital cost of land when compared to cotton farms in the north of the state, higher water security and the similarities in yield. On the back of this increase in demand, the Riverina is experiencing significant growth in cotton ginning demand with one gin already constructed at Whitton and two more already under construction, one at Hay by Auscott and another at Carrathool by a syndicate of private cotton growers.

Large scale irrigation holdings currently listed for sale, include the irrigation portion of "Mungadal", known as "Mungadal Farm", which includes 2,908 hectares of developed irrigation land (7,615 hectares in total) and Noongaburra-Yarrawah Irrigation (Hay), which totals 6,000 hectares of which approximately 2,500 hectares has been developed for irrigation.

We note that both holdings are being offered without irrigation entitlements. We understand that both properties are receiving moderate enquiry.

9 MATERIAL ASSUMPTIONS

Material assumptions are contained within the full Valuation Reports (As referenced herein) as at 15 December 2014 held by Webster Limited.

10 QUALIFICATION AND WARNING

CIVAS has been engaged by Webster Limited to provide valuations of the above mentioned aggregation. Webster Limited have requested approval for Pitcher Partners to include our summary letter and valuation conclusions in the Independent Experts report that they are currently preparing and have requested that CIVAS consent to the inclusion of this Report.



CIVAS consents to the inclusion of this Report in the Independent Experts report and to being named in the Independent Experts report, subject to the comments, terms and assumptions contained within our full Valuation Reports, this summary letter and the further condition that Pitcher Partners includes this Qualification and Warning:

- (i) This summary letter has been prepared for Webster Limited and Pitcher Partners for the specific purposes outlined within the Valuation Reports and cannot be relied upon by third parties;
- (ii) This summary letter is a summary of the Valuation Reports of the subject portfolios as at 15 December 2014 and has not been prepared for the purpose of assessing the portfolio as an investment opportunity;
- (iii) CIVAS has not been involved in the preparation of the Independent Experts report nor has this summary letter or Valuation Reports had regard to the other material contained in the Independent Experts report. The summary letter and Valuation Reports and their content do not take into account any matters concerning the investment opportunity contained in the Independent Experts report;
- (iv) CIVAS makes no representation or recommendation to a Recipient in relation to the valuation of the properties or the investment opportunity contained in the summary letter or Valuation Reports;
- (v) Recipients must seek their own advice in relation to the investment opportunity contained in the Independent Experts report;
- (vi) Rural property as an investment platform is typically characterised by medium to long term holding and operational motivations. As such it is not traditionally subject to the levels of investment volatility witnessed in other forms of yield driven real estate investment. Rather, volatility arises with fluctuations in the key drivers which include commodity prices, operational expenses, seasonal conditions, investment demand, availability of supply and interest rates. The sector is also exposed to the effects of currency fluctuations on both the cost of inputs and farm revenue.

Having made reference to lower volatility, we must point out that in times of constrained demand the nature of the market can be such that in order to achieve a prompt sale a level of price discounting may be required to induce buyers to act. Accordingly, due consideration must be given to the potential length of time on market as possibly being required to achieve a sale of the subject aggregation at anticipated market values.
- (vii) We draw your attention to the fact that the Market Values adopted for the aggregation are subject to the issues outlined within our full valuation reports and this summary letter, and should be closely monitored in light of future events. Furthermore, it is our strong recommendation that regular valuation updates be initiated and instructed by the party wishing to rely upon this summary letter or the Valuation Reports.

CIVAS has prepared this summary letter on the basis of, and limited to, the financial and other information (including market information and third party information) referred to in the summary letter and contained in the Valuation Reports. We have assumed that the third party information is accurate, reliable and complete and confirm that we have not tested the information in that respect.



11 LIABILITY DISCLAIMER

In the case of advice provided in this summary letter and our Valuation Reports, we must emphasise that specific assumptions have been made by us which appear realistic based upon current market perceptions. It follows that any one of our associated assumptions set out in the text of this summary letter may be proved incorrect during the course of time and no responsibility can be accepted by us in this event.

This summary letter has been prepared subject to the conditions referred to in our Qualification & Warning. Neither CIVAS nor any of its Directors makes any representation in relation to the Independent Experts report nor does it accept any responsibility for any information or representation made in the Independent Experts report, apart from this summary letter.

CIVAS has prepared this summary letter which appears in the Independent Experts report. CIVAS was involved only in the preparation of this summary letter and the Valuation Reports referred to herein, and specifically disclaims any liability to any person in the event of any omission from, or false or misleading statement included in the Independent Experts report, other than in respect of this summary letter and the Valuation Reports. We confirm that this summary letter may be used in this Independent Experts report.

The valuations are current as at the date of the valuation only, being **15 December 2014**. The values assessed herein may change significantly and unexpectedly over a relatively short period as a result of general market movements or factors specific to the particular properties. We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where these valuations are relied upon after the expiration of three months from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

CIVAS confirms that it does not have a pecuniary interest that would conflict with its valuation of the properties.

CIVAS is not providing advice about a financial product, nor the suitability of the investment set out in the Independent Experts report. Such an opinion can only be provided by a person who holds an Australian Financial Services Licence. Colliers International does not, nor does the Valuer, hold an Australian Financial Services Licence and is not operating under such a licence in providing its opinion as to the value of the properties detailed in this summary letter.



12 EXPERIENCE AND INTEREST

We advise that the Valuers nominated within the valuation reports, Mr Timothy Jelbart, Mr Alex Delves and Mr Angus Barrington-Case are authorised under the relevant laws of New South Wales to practise as Valuers and have had continuous experience in the valuation of similar assets to that of the subject aggregation.

Further, we confirm that the nominated Valuers do not have a pecuniary interest that could conflict with the proper valuation of the properties, and we advise that this position will be maintained until the purpose for which this valuation is being obtained is completed.

Yours sincerely,

CIVAS (NSW) Pty Limited

A handwritten signature in black ink, appearing to read "Tim Jelbart", written in a cursive style.

Timothy Jelbart
Associate Director, Rural & Agribusiness

Appendix 5: Qualifications, Declarations and Consents

The report has been prepared at the request of the Independent Directors of Webster and is to be incorporated in the Explanatory Memorandum to be given to Shareholders. Accordingly, it has been prepared only for the benefit of the Independent Directors and those persons entitled to receive the Explanatory Memorandum and should not be used for any other purpose.

The report represents solely the expression by Pitcher Partners Corporate of its opinion as to whether the First Proposed Transaction is fair and reasonable to the non-associated shareholders of Webster and whether the acquisition of the Cushion Interest and the Joy Interest is fair and reasonable to the non-associated shareholders of Webster. Pitcher Partners Corporate consents to this report being incorporated in the Explanatory Memorandum.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Pitcher Partners Corporate has relied upon the information provided by the Independent Directors and Management of Webster, Bengenang and Tandou. Pitcher Partners Corporate does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us other than as required in accordance with RG111.74 to RG111.78. Drafts of our report were issued to the Independent Directors for confirmation of factual accuracy.

Furthermore, recognising that Pitcher Partners Corporate may rely on information provided by Webster, Bengenang and Tandou and their respective officers and/or associates, Webster has agreed to make no claim by it or its officers and/or associates against Pitcher Partners Corporate to recover any loss or damage which Webster, or its associates may suffer as a result of that reliance and also has agreed to indemnify Pitcher Partners Corporate against any claim arising out of this engagement, except where the claim has arisen as a result of any proven wilful misconduct or negligence by Pitcher Partners Corporate.

Pitcher Partners Corporate is a licensed corporate advisory entity of Pitcher Partners, Chartered Accountants. Pitcher Partners is a chartered accounting firm providing a full range of accounting and advisory services.

The Director of Pitcher Partners Corporate involved in the preparation of this report was Piera Murone. Piera Murone is a representative of Pitcher Partners Corporate and has many years' experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Neither Pitcher Partners Corporate, Pitcher Partners, nor any partner or executive or employee thereof has any financial interest in the outcome of the Offer. Pitcher Partners Corporate is to receive a fee relating to the preparation of this report of \$55,000 plus GST based on time spent at normal professional rates.

WEBSTER

Webster Limited ABN 23 009 476 000

349 Forth Road
FORTH TAS 7310
Postal address
PO Box 1283
DEVONPORT TAS 7310
Australia

Telephone 61 (03) 64275 000
Facsimile 61 (03) 64275 001