



ASX Announcement

1 April 2019

Progress update on asset sales and debt restructure

Wellard Limited (ASX:WLD) (**Wellard** or the **Company**) provides the following progress update on its turnaround plan.

Asset Sales

Wellard has completed the sale of its Wongan Hills feed mill and Baldivis Pre-Export Quarantine lease on a going-concern basis to Ausvision Rural Services, a subsidiary of Livestock Shipping Services. It has also completed the sale of its Condah Pre-Export Quarantine facility in Victoria.

The Company has also contracted to sell its Beaufort River Meats (BRM) abattoir in Western Australia also to Ausvision Rural Services, after the counterparty to the original sales agreement defaulted on the sales contract.¹ This transaction is expected to be completed by the end of April 2019. The Company has retained the deposit from the original contract.

A total of approximately \$17.5 million in free cashflow (including the retained deposit, the realisation of working capital, and the sale of other related assets in relation to these properties) will be realised from these combined asset sales.

In the Company's ASX announcement on 18 December 2018 it estimated that it would generate \$13.0m worth of free cashflow, including \$8.0m from its Beaufort River Meats abattoir. That amount did not include the sale of its Condah Pre-Export Quarantine facility in Victoria.

Extension of noteholder standstill period

On 18 December 2018 the Company advised shareholders that it had agreed to an early redemption of 3.5 million convertible notes, worth US\$3.5 million, as part of a standstill agreement with its noteholders, and after reaching agreements for the sale of non-core assets. Additional detail was provided in Wellard's FY2019 interim report.²

Wellard has negotiated an extension of the previous noteholder Standstill Period, to extend the expiry from 31 March 2019 to 30 September 2019.³ This Second Standstill Period may be further extended beyond 30 September 2019 at the discretion of the noteholders.

During this Second Standstill Period Wellard has committed to:

- Redeem a minimum of US\$500,000 worth of convertible notes per month.

¹ see: ASX announcements on 23 November 2018 and 18 December 2018 in respect of the original sale

² see: ASX announcements 14 February 2019

³ see: ASX announcement 18 December 2018

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- Pay a coupon rate of 14% per annum on the face value of their outstanding notes; The interest rate will increase if and when the Standstill Period is further extended.
 - Grant certain security to the noteholders.

Further, the parties have agreed that the notes are no longer convertible into shares in the Company.

Certain of the breaches the subject of the standstill will remain outstanding at the end of the Second Standstill Period, and the noteholders will be entitled to take enforcement action in respect of those breaches from the end of the Second Standstill Period. If any new breach occurs during the Second Standstill Period (including a failure to grant the agreed security when required), the Second Standstill Period will cease, and the noteholders will be entitled to take action.

This Second Standstill extension is subject to the parties executing formal documentation. This is expected to be completed during the course of today.

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