



INDICATIVE PROPOSAL TO ACQUIRE SELECT HARVESTS

On 19 September 2017 Select Harvests Limited (**Select Harvests**) received a non-binding, indicative and highly conditional proposal from Mubadala Investment Company PJSC (**Mubadala**) to acquire 100% of Select Harvests for \$5.85 cash per Select Harvests share (**Indicative Proposal**). The Indicative Proposal valued Select Harvests at approximately \$430.6 million on an enterprise value basis.

Key terms of the Indicative Proposal and its underlying financial assumptions and conditions are outlined below:

1. Key Terms
 - (a) Indicative Proposal to be executed via Select Harvests scheme of arrangement.
 - (b) Select Harvests shareholders to receive 100% cash consideration of \$5.85 per Select Harvests share.
2. Underlying Key Financial Assumptions
 - (a) 73,606,835 fully paid ordinary shares and no dilution impact through the exercise or vesting of any outstanding options or performance rights.
 - (b) No material changes in Select Harvest's cash and debt balances compared with its last publicly reported position.
 - (c) Working capital is maintained at appropriate levels.
3. Key Conditions
 - (a) Completion of confirmatory due diligence which must be exclusively provided to Mubadala.
 - (b) No material adverse change in Select Harvest's business, including no return of capital or dividends.
 - (c) Negotiation and execution of a mutually acceptable implementation agreement, containing conditions (including break fees, no stop/no talk and notification/matching rights in the event of a competing proposal and other appropriate protections for Mubadala).
 - (d) Unanimous recommendation from Select Harvests in favour of the Indicative Proposal.
 - (e) Select Harvests directors and management undertaking to vote in favour of the Indicative Proposal with respect to 100% of their shares.

On 25 September 2017 Select Harvests informed Mubadala that it was not prepared to advance discussions in relation to the Indicative Proposal and that Select Harvests was therefore not in a position to provide due diligence or engage with Mubadala.

In arriving at its conclusion in respect of the Indicative Proposal, Select Harvests undertook a detailed assessment of the Indicative Proposal including obtaining written advice from its legal and financial advisers. A number of quantitative and qualitative factors were considered by Select Harvests and its advisers in their assessment of the Indicative Proposal which led Select Harvests' Board to conclude that the proposal significantly undervalued the company. These factors included:

- (a) the equity value per Select Harvests share in various stated scenarios compared to the headline value of the Indicative Proposal (\$5.85);

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- (b) the fundamental control value per Select Harvests share compared to the headline value of the Indicative Proposal;
- (c) potential risks associated with regulatory approvals required for the Indicative Proposal, including FIRB, and uncertainty about any overseas regulatory approvals that might be required;
- (d) the potentially disruptive due diligence process contemplated by the Indicative Proposal;
- (e) the scheme structure of the Indicative Proposal which would necessarily cause Select Harvests to incur significant costs which it would have to bear irrespective of the ultimate outcome of the scheme process;
- (f) the requirement to provide exclusivity which the Board was not prepared to provide at the headline value of the Indicative Proposal; and
- (g) the requirements to maintain Select Harvests in stasis with no distributions to shareholders or changes in capital structure over an extended period, potentially hindering the capacity of the directors to act in the best interests of shareholders.

These and other factors, taken together from a Select Harvests shareholder perspective, persuaded the Board not to engage in the Indicative Proposal at its headline value.

It is possible that Mubadala may revise its Indicative Proposal or withdraw its Indicative Proposal, but to date no revised proposal reflecting a higher headline value has been received.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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BACKGROUND:

Select Harvests Ltd (ASX:SHV) is an ASX listed, fully integrated almond business consisting of orchards (company owned, leased, joint venture and managed), primary processing (hulling & shelling), secondary processing (blanching, roasting, slicing, dicing, meal), trading (industrial products) and consumer products (Private Label & Brands - Lucky, Sunsol, Soland, NuVitality, Renshaw & Allinga Farms). Select Harvests also import a full range of nuts (in addition to almonds) for inclusion in their Consumer Products range of nut products. Australia is a significant global almond producer and Select Harvests are one of Australia's largest almond companies, supplying almonds domestically and internationally, to supermarkets, health food shops, industrial segments and the almond trade. The company is headquartered at Thomastown on the outskirts of Melbourne, Australia while its orchards are located in North West Victoria, Southern New South Wales and South Australia. Its primary processing facility (Carina West) is located at Wemen in North West Victoria and the secondary processing facility is located at Thomastown.