



14 August 2015

Company Announcements Office
ASX Limited

On-market purchase of up to \$30 million Elders Hybrids (ASX: ELDPA)

Elders Limited (ASX: ELD) (**Elders** or **Company**) announces that its wholly-owned subsidiary, Elders Finance Pty Ltd (**Finance**), will offer to acquire on market up to \$30 million of Elders Hybrids, with the capacity at Finance's sole and absolute discretion to accept more or less than \$30 million of Hybrids, at a price of up to (and including) \$80 per Hybrid.

The terms of the offer are set out in the Appendix.

Elders CEO, Mark Allison, said, "this offer forms part of Elders' plans to simplify its capital structure. The Hybrids were issued at \$100 each in 2006 with a margin that reflected the financial market at the time.

"Since 2009, economic and market conditions and Elders' financial position have changed dramatically. Due to cash constraints and other matters, Elders has not paid a distribution on the Hybrids since June 2009. These considerations have resulted in the value of the Hybrids being depressed.

"This offer provides additional liquidity in what is a relatively illiquid security and provides an opportunity for holders who wish to sell to do so on a "first-come first-served" basis.

"Elders' preference for the acquisition of Hybrids would have been a pro rata off-market offer to all holders giving all holders an equal opportunity to participate on a pro rata basis, subject to a fixed minimum purchase. However, Elders is prohibited under the Corporations Act and Regulations from proceeding with such an offer and therefore has proposed the current on-market offer."

Mr Allison noted that purchases under the offer would be funded from current year earnings and that the maximum price of \$80 was a premium to the closing price of \$74.30 on 13 August 2015, being the day prior to the announcement of the offer.

Further Comment:

Mark Allison
Chief Executive Officer
0439 030 905

Annexure: Terms of Offer

1. Introduction

Elders Finance Pty Ltd ACN 052 351 621 (**Finance**), a wholly owned subsidiary of Elders Limited (ASX: ELD), will offer to acquire on market (**Offer**) up to \$30 million of Elders Hybrids (ASX: ELDPA)¹ with the capacity at Finance's sole and absolute discretion to accept more or less than \$30 million worth of Hybrids (**Maximum Number**), at a price of up to (and including) \$80 per Hybrid (**Offer Price**).

2. Terms of the Offer

2.1 Finance has instructed its stockbroker, Bell Potter Securities Limited (**Bell Potter**), to make offers to purchase on market up to the Maximum Number of Hybrids at the Offer Price per Hybrid in the period commencing today and ending at the earliest of:

- (a) the close of normal trading on ASX on Thursday 27 August 2015, unless extended;
- (b) the date Bell Potter on behalf of Finance has acquired the Maximum Number of Hybrids; and
- (c) the date that Finance withdraws the Offer.

2.2 Finance reserves the right in its sole and absolute discretion:

- (a) to acquire Hybrids on-market, under the Offer at a price per Hybrid that is less than the Offer Price;
- (b) to extend to a later date the date fixed as the end of the period of the Offer;
- (c) to suspend or withdraw the Offer; and
- (d) to increase or decrease the Maximum Number of Hybrids that Finance may acquire under the Offer.

2.3 Hybrids will be acquired under the Offer on-market at an Offer Price of up to (and including) \$80 per Hybrid on a first-come first-served basis until the Maximum Number of Hybrids have been acquired.

3. Settlement and brokerage

3.1 Payment for the Hybrids sold to Bell Potter on behalf of Finance under the Offer will be made on a T+3 settlement basis in accordance with the usual ASTC Settlement Rules for ASX trading.

3.2 As the Offer will only be capable of acceptance by holders of Hybrids (**Holders**) selling through brokers which are market participants of ASX, all Hybrids purchased by Bell Potter on behalf of Finance under the Offer will be purchased on market only during ASX Trading Days.

3.3 Any brokerage charged by brokers acting for Holders wishing to sell their Hybrids will be the sole responsibility of those Holders.

4. Additional information

¹ Elders is the issuer of Elders Hybrids, which are unsecured notes for the purposes of section 283BH of the Corporations Act.



- 4.1 The Offer forms part of Elders' plans to simplify its capital structure. The Hybrids were issued at \$100 each in 2006 with a margin that reflected the financial market at the time. Since then economic conditions and Elders' financial position have changed dramatically. Due to cash constraints and other matters, Elders has not paid a distribution on the Hybrids since June 2009. These considerations have resulted in the value of the Hybrids being depressed for a considerable period of time.
- 4.2 Elders' preference for the acquisition of Hybrids would have been a pro rata off-market offer to all Holders to acquire up to the Maximum Number of Hybrids. Such an offer would have given all Holders an equal opportunity to participate on a pro rata basis to their level of acceptance, subject to a fixed minimum purchase. However, Elders is prohibited under the Corporations Act and Regulations from proceeding with such an offer and therefore has proposed the current on-market Offer.
- 4.3 Hybrids that Finance acquires under the Offer will remain on issue and will not be redeemed as a result.