

Agtech Income Fund to acquire food processor Saskcan Pulse Trading

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TORONTO (CP) - Agtech Income Fund (TSXV:AGT.UN) says it has struck a deal to acquire Saskcan Pulse Trading Inc., a food processor based in Saskatchewan, for \$22 million.

The company said late Monday it had signed a memorandum of understanding to acquire Saskcan, subject to regulatory and unitholder approvals and completion of Saskcan's proposed purchase of a North Dakota processing plant.

The pricetag is about two million units of the company - a transaction valued at about \$22 million, including Saskcan's proposed acquisition of the North Dakota plant.

In a related move, the fund said it also intends to carry out a private placement of units to raise \$14 million.

"There can be no assurance that the transaction will be completed as proposed or at all," Agtech warned in a release. "The fund expects to incur significant legal, accounting, financial advisory and regulatory costs in connection with the transaction, which may exceed its current quarterly distributions to unitholders. The fund will be liable for these costs even if the transaction is not completed."

Agtech cleans, sorts, bags and sells specialty crops such as green lentils and canary seeds, primarily for export markets, with one processing plant in Regina.

Saskcan has three processing plants in Saskatchewan and a contract to acquire an additional processing plant in North Dakota, a deal slated to close at the end of May. The company focuses on red lentils and peas.

"This merger creates a company in our industry like no other," said Stephen Bodnoff, chairman of the board of trustees of Agtech.

"The fund will have substantive reach into major growing areas. Five plants gives us the capacity and product mix to meet the demands of the global consumer. We now have the ability to react to their needs and supply them with whole lentils, split lentils, split peas and other specialty crops processed in our own plants."

Murad Al-Katib, president and CEO of Saskcan, said the merger with Agtech "expands our operation again and continues our pursuit to become the world's most reliable supplier of value added lentils and peas and specialty crops."

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