



MEDIA RELEASE
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Purchase of Western Australian farming properties

Absolute confidence in the future of Australian and broadacre agriculture has prompted Wellard to diversify its portfolio to create Wellard Agri Ltd - a vehicle to invest in broadacre farming properties.

Offers to buy six Kojonup and Watheroo properties were today declared unconditional by Wellard Agri and accepted by the vendors, paving the way for the sales to be completed.

The three properties in Watheroo and three in Kojonup total 17,500 hectares and provide diversity of climate, soil types and production. The purchase prices are confidential and settlement is scheduled to occur in early 2009.

“Broadacre farming has a fantastic future,” said Tim Macnamara, the newly designated Chief Executive Officer of Wellard Agri Ltd. “We have completed substantial due diligence, and in our opinion the returns on capital from broadacre farming utilising modern management practices and economies of scale rank favourably against other investment sectors.

“This investment reflects the Wellard Group’s confidence in the future of Australian agriculture.”

Mr Macnamara said Wellard Agri will adopt the best practice management and innovation philosophy that has elevated the Wellard Group to Australia’s leading livestock exporter and agribusiness. It will also share Wellard’s strong commitment to local communities.

The Wellard Agri farms will continue to be run by local farm managers, utilising a machinery ring to improve capital expenditure efficiencies.

A mix of areas and production types, cropping and mixed farming, were selected to spread investment risk while generating sustainable returns.

“After investing in the farms we now plan to invest in technology and people to utilise our land and employees to optimise production,” Mr Macnamara said.

“Good opportunities are available in the broadacre cropping sector as Australian crop production continues to enjoy strong international demand due its excellent overseas reputation for quality product and the international exposure of the Wellard Group will create interesting marketing opportunities around the world.”

The Wellard Agri farms will be run as a stand alone operation to other companies in the Wellard Group.

Hyfield Poll Merino stud purchase

As part of its purchase of the Hyfield and Crossburn properties at Kojonup, Wellard Agri has purchased the Hyfield Poll Merino stud.

“This is a real reflection of our confidence in the sheep and wool sector,” Mr Macnamara said. “The industry has a great future, and Wellard Agri wants to be part of, and play a role in, that future.”

The stud will continue to operate as normal, and Wellard Agri has retained the services of Hyfield studmaster Kevin Keatley to continue breeding commercially-focused, large framed, heavy cutting Poll Merino sheep.

“Due to the performance of the Hyfield bloodline, the stud has built a large and loyal clientele, and we hope they will continue to source their genetics from the stud as it continues its quest to constantly improve the Poll Merino sheep,” Mr Macnamara said.

Wellard Rural Exports Managing Director Steve Meerwald said both the Wellard export team of buyers and the shearers at the company’s export aggregation facility, had first hand experience of the large frame size and wool cuts offered by Hyfield Poll Merinos.

Hyfield Poll Merino Studmaster Kevin Keatley said it would be business as usual for the Hyfield Poll stud.

“The stud’s emphasis on visual and objective selection and performance measurement has enabled it to develop a Poll Merino type that performs and reproduces in flocks across the country. And Wellard Agri has indicated it has no plans to change that recipe for success.”

Mr Keatley said it was important to recognise the impact of Hyfield Jaloran vendor Dick Lester has had on the stud during his ownership.

“He has provided tremendous support to the Hyfield Jaloran team, support which has enabled us to grow the size of the stud and adopt new technologies to hone our breeding program – and I thank him immensely for it.”

Mr Macnamara said Mr Lester had set a high benchmark in terms of the stud and properties’ operations, a benchmark Wellard Agri was aiming to continue to develop.

Summary

Wellard Group director Steve Meerwald said a bright, long term future for soft commodities and the unmatched ability of Australian farmers to efficiently bring those commodities to market had prompted the creation of Wellard Agri Ltd as a Wellard associated company.

“We want to both participate and invest in agriculture’s bright future, and ownership of cropping and grazing farmland provides Wellard with the perfect opportunity to do that,” Mr Meerwald said.

Other major Wellard capital investments in Australian agriculture include the Wellard Feeds feed mill in Wongan Hills, WA; two feedlots near Perth; a feedlot in Victoria; a feedlot development near Darwin and an investment in a number of vessels servicing the live export trade.

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