

WHAT THE AUSTRALIAN GRAINS CHAMPION PROPOSAL MEANS FOR US

“Investment into farm infrastructure.”

Brendan and Yvonne are young farmers with a small operation of only about 800ha. They inherited a small holding when Yvonne’s parents retired and sold off some of the family holdings for retirement and to provide for Yvonne’s sister’s inheritance.

Brendan and Yvonne are focused on retiring the debt they had to take out in buying equipment and whilst they want to continue to invest in the business, their current levels of debt leaves them uncomfortable with borrowing more.

They like what they are seeing with the new precision agriculture technology and the improvements in yield and lower inputs being reported. This is next on their wish list but the \$120,000 cost of investing in a comprehensive farm data mapping survey, and upgrade of their spray rig for selective spot spraying and some supporting technology is holding them back.

Brendan and Yvonne’s average deliveries over the past 5 years have been approx. 1,800 tonne per year, meaning their \$2 CBH share could transform into around \$490,000* worth of equity on their balance sheet. This is made up of \$110,000 in cash and \$380,000* in shares.

The Australian Grains Champion proposal could deliver \$490,000 in cash and shares for this enterprise*



\$110,000 Cash

With the total required investment costed at \$120,000 – the cash component gives Brendan & Yvonne the funds to make this investment with minimal additional debt.

Brendan & Yvonne have worked with their farm adviser and they have worked out that after a two year period, they should be able to:

1. with their greater knowledge of their soils and nutrients, be able to better target their farming practices and achieve an average improvement in their in yields by about 3% to 5% = about +\$15,000 to +\$20,000pa; and
2. achieve a gradual reduction of chemical and fertilizer input costs with an estimated 4% saving = or about \$5,000 per annum for their operation.

For this \$120,000 investment, Brendan & Yvonne have estimated a \$20,000 to \$25,000 average annual profit improvement or about 16% to 21% return on their investment.



\$380,000 Shares*

Receiving \$380,000* worth of shares in the new listed company provides Brendan and Yvonne with significant additional financial flexibility. Their initial inclination is to retain the shares as a long term off-farm asset knowing that they may receive dividends from the shares in the meantime and also can use these shares to support future borrowings and expansion.

For Brendan and Yvonne, the AGC proposal provides a new level of financial certainty and a massive improvement to their balance sheet. They can start planning for the future with more certainty and know that the additional equity value delivered to them through the AGC proposal provides them with a lot more flexibility to achieve their growth aspirations.

*All illustrative valuations based on the Paterson Securities independent valuation of CBH Group at \$2.56 billion. Actual values may differ. The Australian Grains Champion calculator can be found at www.australiangrainschampion.com.au.

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Brendan and Yvonne have average grain deliveries of 1,800 tonnes per annum for the last five years.

BRENDAN AND YVONNE CURRENTLY OWN:

VS

UNDER THE AUSTRALIAN GRAINS CHAMPION PROPOSAL BRENDAN AND YVONNE COULD OWN*:

\$2 in 1 CBH share



\$110,000 in cash

1 vote



\$380,000 worth of voting shares

S & H rebate



Grower loyalty incentive scheme



Potential dividends

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AUSTRALIAN GRAINS CHAMPION PROPOSAL

Equity onto your balance sheet



Guaranteed no new storage & handling fees for at least first five years



Guaranteed fees and charges capped to CPI increases for at least first five years



Providing the most efficient and cost effective supply chain in Australia



Growers remain substantial shareholders at listing

