



**Australian Agricultural Company Limited**  
ABN 15 010 892 270

## **AAco signs Heads of Agreement on Sale of Five Properties to Primary Holdings International**

**ASX Announcement No.70/2008**

**22 December 2008**

- AAco today entered into a Heads of Agreement in relation to the sale of 5 properties to **Primary Holdings International**
- Cattle management joint venture to be created with ownership shared between AAco and Primary Holdings International

AAco signed a Heads of Agreement (HOA) today in relation to the proposed sale of 5 of its 26 strong property portfolio to Primary Holdings International.

The proposed transaction is subject to regulatory approvals, negotiation of transaction documents and Primary Holdings International arranging finance.

AAco expects the acquisition consideration payable by Primary Holdings International transaction will be reflective of its NTA of \$2.79 per share.

The properties, including cattle, that are intended to be included in the transaction have a book value of approximately \$250m.

The proposed cattle management joint venture arrangements will enable AAco to have ongoing participation in the raising of the cattle on these properties.

Primary Holdings International may bring two additional properties to the portfolio, which would result in AAco managing a further 24,000 cattle.

In commenting on the signing, AAco CEO Stephen Toms noted that Primary Holdings International is an Australian investment group specialising in agricultural property. It is developing a reputation for building value over the long term through sustainable land management and the targeted development of resources and infrastructure.

“Their approach to the pastoral industry complements our own and as such it did not take long to recognise there was a natural fit” he said.

“We had spent quite some time last year investigating the concept of setting up our own Northern Agricultural Fund and had gone a fair way down the track until we realised that there were other funds already in the market. A number of interested parties have been knocking on our door and in the end we decided on Primary Holdings International on the basis of value for AAco shareholders, access to funding and complementary ongoing arrangements that this relationship will bring” Mr Toms said.

If the proposed transaction proceeds to completion the AAco board intends to use the sale proceeds for the retirement of debt and to implement a capital management program including a share buyback

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## **About Primary Holdings International (PHi)**

PHi is a vertically integrated Australian agricultural group focused on operating prime farmland and, through strategic partnerships, developing a diversified portfolio of properties and companies, supplying a full range of premium organic and protein-based commodities for both local and international markets.

ENDS

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