



Media Release

6 October 2009

GRAINCORP UNDERTAKES A COMPANY TRANSFORMING ACQUISITION

GrainCorp today executed an agreement to acquire 100% of the United Malt Holdings group ("UMH") (the "Acquisition"), the world's 4th largest commercial malt manufacturer. The Acquisition transforms GrainCorp into an international agribusiness, with operations in Australia, the United States, Canada and the United Kingdom.

The purchase price (for an enterprise value of A\$757 million¹) implies:

- an EV / EBITDA multiple of 5.7x LTM EBITDA²; and
- pro forma FY 2009 EPS accretion of 22.9% - 25.8% (prior to the impact of acquisition accounting, transaction costs and synergies)³.

Overview of UMH

UMH is a leading global malt manufacturer supplying malt for use in the production of beer and whisky to a number of the world's largest brewers and distillers.

UMH operates 14 malt houses and currently produces approximately 1 million metric tonnes of malt per annum. UMH is undertaking expansion projects to increase its production capacity to approximately 1.2 million metric tonnes per annum.

Rationale for the Acquisition

GrainCorp Chairman, Mr. Don Taylor said, "For a number of years GrainCorp has been examining ways of making company earnings more robust and less susceptible to seasonal variation. With its Australian and international operations, UMH achieves this goal by increasing and diversifying GrainCorp's future earnings."

"The acquisition of UMH will increase the size and scale of GrainCorp's operations and makes GrainCorp an international agribusiness. It will strengthen GrainCorp's core business, allow us to reduce the seasonal volatility of our earnings and help us to attain our strategic objective of sustained and profitable long-term growth."

"The Acquisition will substantially increase the contribution to GrainCorp's earnings from grain downstream processing. We will also be able to apply our grain sourcing and trading experience to the international barley procurement, storage and logistics functions of UMH."

The Acquisition:

- Diversifies GrainCorp's earnings and operating cash flows;
- Provides a platform for further earnings growth;

¹ Purchase price of US\$655 million converted at an AUD:USD exchange rate of A\$1.00 = US\$0.865.

² Multiple of EBITDA of UMH for the twelve months ended 30 June 2009 (excluding unrealised mark to market derivatives adjustments). Refer to Section 7 of the Pathfinder Prospectus lodged with the ASX today for further detail.

³ Based on UMH's earnings for the twelve months to 30 June 2009 (excluding unrealised mark to market derivatives adjustments) and GrainCorp's forecast NPAT guidance of \$60 million – \$63 million for the year to 30 September 2009. Refer to section 8 of the Pathfinder Prospectus for further detail on the basis of preparation and the assumptions underlying this statement.

GrainCorp's vision is to be Australasia's leading handler and supplier of agriproducts and bulk products.

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- Opens up opportunities for further international diversification; and
- Represents an attractive acquisition multiple with a conservative funding structure.

GrainCorp Managing Director, Mr. Mark Irwin, said, "The Acquisition represents a significant strategic expansion for GrainCorp's existing business, and builds upon the relationship that currently exists between GrainCorp and UMH's Australian subsidiary Barrett Burston Malting ("BBM")."

"The largest BBM malt house in Australia is adjacent to the GrainCorp export terminal in Geelong. GrainCorp stores some malt barley for BBM up-country, and manages some of the logistics of delivery to Geelong, and then conveys barley direct to the BBM Geelong malt house from our vertical storages."

"BBM recently commenced construction of a new malt house on land adjoining the GrainCorp export terminal in Pinkenba (Brisbane). This new development incorporates the use of existing vertical storage infrastructure at our terminal. Both Geelong and Pinkenba are models of the type of benefits that can be extracted from combining the GrainCorp and UMH operations," Mr. Irwin said.

As part of the transaction, GrainCorp has secured the ongoing employment of key UMH executives, including the operational managers. Mr. Irwin said, "This is a critical element for ensuring the smooth integration of UMH, and of providing continued support to UMH's valued customers."

The head of UMH, Mr. Jim Anderson, said, "Our entire management team is very excited about the combination of GrainCorp and UMH. We believe the new business will be a very competitive, international agribusiness. Our geographic and experience 'fit' is very complementary, and I believe this is the primary factor that will underpin a significant proportion of the growth we anticipate for the new GrainCorp."

Acquisition funding

The Acquisition is being funded through a combination of an Acquisition Debt Facility and a fully underwritten Equity Raising.

The Equity Raising will involve an Institutional Placement and an Entitlement Offer. Both are fully underwritten by Credit Suisse (Australia) Limited.

Eligible shareholders on the register as at 7.00 pm (Sydney time) on 9 October 2009 will be invited to subscribe for 9 New Shares for every 10 GrainCorp shares held at a price of \$5.65 per New Share.

Equity Raising key dates

The indicative key dates for the Equity Raising are as follows:

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| • Institutional Entitlement Offer Closes | 6 October 2009 |
| • Bookbuild of renounced institutional entitlements and Institutional Placement | 7 October 2009 |
| • Record date for the Entitlement Offer | 9 October 2009 |
| • Retail Entitlement Offer opens | 12 October 2009 |
| • Allotment date for the Institutional Offer and Institutional Placement | 19 October 2009 |
| • Retail Entitlement Offer closes | 30 October 2009 |
| • Bookbuild of renounced retail entitlements | 5 November 2009 |
| • Allotment date for Retail Offer | 13 November 2009 |

Status of the Acquisition

The Acquisition is expected to be finalised by the end of November 2009, subject to the satisfaction of a number of conditions, including:

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- Receipt of relevant regulatory approvals⁴;
- No Material Adverse Effect on UMH's business; and
- No events resulting in termination of the Equity Underwriting Agreement.

Credit Suisse (Australia) Limited is acting as financial advisor and Gilbert + Tobin as legal advisor to GrainCorp in relation to the Acquisition.

Full details of the Retail Offer will be set out in a prospectus which will be made available to eligible retail shareholders when offers of New Shares are made under the Retail Offer. The prospectus is expected to be lodged with ASIC on 12 October 2009, and will be sent to eligible retail shareholders and be made available to eligible retail shareholders on ASX's website when the offer is made. Any eligible retail shareholder who wishes to acquire New Shares under the Retail Offer will need to complete, or otherwise apply in accordance with, the personalised entitlement and acceptance form that will be in or will accompany the prospectus. Eligible retail shareholders should read the prospectus in its entirety before deciding whether to subscribe for New Shares.

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For further details, please visit www.graincorp.com.au

Contact: David Ginns - Corporate Affairs (02) 9325 9132 or 0419 429 943

⁴ Refer to section 1 of the Pathfinder Prospectus for details.

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