

# LENDU HOLDINGS PLC

## IRRIGATED-COTTON, BEEF-CATTLE AND CEREAL PRODUCTION IN QUEENSLAND, AUSTRALIA

### **ACQUISITION OF IRRIGATED-COTTON PROPERTY IN AUSTRALIA**

The Directors of Lendu are pleased to announce that, on 1 August 2002, its subsidiary company, Lendu Australia Pty Limited, jointly with the other partners of the Gubbabunyah Partnership ("the Partnership"), entered into a contract with Rogate Farms Pty. Limited for the acquisition of a property known as Warendi, situated at Boggabilla, New South Wales, Australia (the "Acquisition"). The agreed consideration for the Acquisition is AS\$12 million (approximately £4.14 million), subject to adjustment to reflect the market value of certain forward cotton supply contracts that the Partnership is assuming, and will be paid in cash on completion.

The Acquisition will initially be financed wholly by bank borrowings secured on the Partnership's land, although it is intended that this will be reduced by approximately A\$5 million within a period of 6-9 months after investment disposals and cattle sales.

### **Background**

The Partnership, of which Lendu holds an 87.3 per cent. share, is engaged in irrigated-cotton, beef-cattle and cereal production in Australia. The land being acquired is currently used for irrigated-cotton farming, which will augment the Partnership's current operations and increase its total irrigated hectareage from approximately 2,350 hectares to approximately 3,380 hectares.

Importantly, Warendi currently holds licences for the use of more water than it requires in an average year for the purposes of irrigating its own cotton areas. Therefore, following completion of the Acquisition, part of its water entitlement may be diverted to the Partnership's current areas, which are located nearby on the other side of the border in Southern Queensland. Warendi's water source is the same river system as the source for the Partnership's existing land and water transfers between the two properties are permitted by the relevant authorities.

### **Completion**

The Acquisition constitutes a 'Class 1' transaction for the purposes of the UKLA's Listing Rules. The terms of the acquisition contract provide for completion to be conditional upon prior approval by the shareholders of Lendu in general meeting save in the event that Lendu's listing has transferred to the Alternative Investment Market prior to completion of the contract. (Lendu announced on 29 July 2002 that application was to be made for its issued share capital to be admitted to trading on the Alternative Investment Market and it is anticipated that this will take place on 27 August 2002). Completion of the Acquisition is expected to take place by 12 September 2002.

Commenting on the Acquisition and on the Group's operations Peter Hadsley-Chaplin, Chairman of Lendu, said:

'I am delighted that we have exchanged contracts on Warendi. Strategically, I expect the acquisition to be of significant importance to the Group. Not only will it give rise to a marked increase in the Partnership's irrigated-cotton areas but it will also help to ensure a more reliable per-hectare water availability across those areas at a time when water licences are increasingly sought after. Whilst it will not guarantee the ability to plant 'wall-to-wall' cotton on all available areas every year, it will help to even out the amount of cotton planted from one year to the next and assist in planning such as selling cotton forward. The property will be managed by Cam Turner, who manages all the other operations owned by the Partnership, and some administrative savings and economies of scale are expected to be achieved.

I expect the acquisition to be beneficial for this year's season, which so far has been unusually dry, with relatively modest water levels remaining in the Partnership's existing on-farm storage cells ahead of the start of cotton planting in mid-September.

Irrigated cotton will remain the chief enterprise of the Group, although the cattle operations will play an increasingly important secondary role.'

By order of the board  
M.P.Evans (UK) Limited  
Secretaries  
2 August 2002

For further information:

Lendu Holdings PLC  
Peter Hadsley-Chaplin – 01892 516333

Brown Shipley Corporate Finance  
Bill Staple, Director – 020 7282 3270

Brown Shipley Securities  
Craig Cowan, Director – 020 7282 1595