



SALE OF CHEETHAM SALT

- **Agreement signed to sell Cheetham for \$150 million to CK Life Sciences Int'l., Inc.**
- **Dry Creek operations and assets, Bowen, Lara and Moolap assets all excluded from the sale.**
- **Transforms Ridley into a focussed agribusiness that is positioned to be Australia's leading supplier of animal nutrients, ingredients and feed products for production of food from livestock**

Melbourne, Australia, 29 November 2012: Ridley Corporation Limited (**Ridley**) (**ASX: RIC**) is pleased to announce the signing of agreements for the sale of Cheetham Salt Limited (**Cheetham**) for \$150 million, payable fully in cash on completion (the **Transaction**). Cheetham's Dry Creek salt field in Adelaide, South Australia and all the assets associated with the non-operating Bowen, Lara and Moolap former salt field sites, do not form part of the Transaction and will be retained by Ridley following the Transaction.

Ridley has executed a sale agreement with a wholly owned subsidiary of Hong Kong based CK Life Sciences Int'l., (Holdings) Inc. (**CKLS**) which achieves Ridley's stated objective of unlocking shareholder value for Ridley shareholders by releasing Cheetham from the current Ridley ownership structure. The sale of Cheetham enables Ridley to be positioned as a leading agribusiness with strong potential for future growth focused on the supply of nutrients, ingredients and feed for the safe and sustainable production of food from livestock.

Commenting on the sale, Ridley Chair Mr John Spark said "The decision to sell Cheetham is the culmination of a process announced in February 2012 to identify and evaluate alternative strategies to unlock the underlying value of the Cheetham business. The sale represents a positive outcome for shareholders."

"This sale transforms Ridley into a focused animal nutrients, ingredients and feed producer and provides flexibility to pursue further value accretive growth opportunities which will strengthen Ridley's position in the sector and enable further participation in industry consolidation."

Ridley Managing Director John Murray commented "As a result of this transformational transaction, Ridley is uniquely positioned as a listed public company with an agricultural business focused on the supply of animal nutrition products and services as well as the production of strategically important ingredients in the protein value chain. Importantly, many of these ingredients are sold not only domestically but also into the growing export markets of Asia, where the demand for safe and sustainable, high quality food products will continue to grow as the world's population approaches ten billion people by the middle of the century."



The Transaction is subject to New Zealand Overseas Investment Office (**OIO**) approval and other customary sale conditions. The sale is expected to complete on or around 28 February 2013 (**Completion**). To facilitate an orderly transfer of Cheetham to its new ownership, Ridley will at Completion also enter into usual separation agreements with CKLS, including a Transitional Services Agreement.

It is expected that after reversing the \$25.2 million of uplifted salt field values in the Ridley consolidated asset revaluation reserve, an accounting loss of c.\$10 million will be recorded upon Completion, depending upon final transaction costs and the level of funds employed by Cheetham at that time.

DRY CREEK AND PROPERTY PORTFOLIO

The Transaction does not include the business conducted at the Dry Creek salt field in Adelaide which exclusively services the long term Supply Agreement with Penrice Soda Products Pty Ltd (**Penrice**).

The Dry Creek site comprises over 5,000 hectares of freehold land, and as previously advised by Ridley, has significant potential to deliver shareholder value by way of a long term redevelopment as a Master Planned Community within 12 kilometres from the Adelaide Central Business District (**CBD**).

During the course of the Transaction process, it became increasingly apparent that the realisation of value for Ridley shareholders from the Dry Creek operation would be significantly higher through a retention of the site by Ridley than from the consideration attributable to the earnings stream of that business as part of a sale transaction. The Supply Agreement with Penrice currently provides positive earnings and cash flows and upon its expiry, the land will become available for a redevelopment of the kind previously contemplated.

The retention of Dry Creek by Ridley will necessarily incur the write off of goodwill attributable to the original acquisition of the site (\$5.0 million) by Cheetham Salt which has been included in the estimated accounting Transaction result. An assessment of the carrying value of the Dry Creek salt field will also be reported as at 31 December 2012 based on its highest and best use, acknowledging that for impairment testing purposes, the salt field's carrying value has to date included an earnings attribution from a portfolio of customer contracts included in the 2005 Dry Creek acquisition and which are included in the Transaction.

After Completion, Ridley will continue to service the Penrice Supply Agreement whilst concurrently continuing to prepare for the redevelopment of the Dry Creek site. The potential value derived from a redevelopment of this kind would create significant long term value for shareholders and Ridley will actively pursue other development opportunities for the broader land holdings north of the Dry Creek operation which are not utilised in salt production. Management has already held discussions with property developers in this regard.

Ridley also continues to pursue long term value creation strategies for its Lara, Moolap and Bowen sites through divestment and/or redevelopment initiatives including the Geelong Salt Fields Urban Renewal Project.



CAPITAL MANAGEMENT OPTIONS

Net proceeds from the Transaction will depend on Ridley's capital gains tax liability, transaction and restructuring costs and other sale adjustments, but are expected to be in the vicinity of \$145 million.

It is currently expected that the sale proceeds will be used in priority to return levels of Ridley debt to more traditional levels of gearing following the recent acquisition of BPL Melbourne's rendering business, to assist with any growth opportunities, and potentially to provide a capital return to Ridley shareholders.

It is expected that any return of funds to shareholders will be made in the form of a capital return, subject to receipt of an Australian Taxation Office (**ATO**) Class Ruling which is currently being progressed. Ridley will make a further announcement in relation to any proposed return of funds to shareholders following the Completion of the Transaction and the acquisition of BPL Melbourne's rendering business.

Ridley is advised by Barclays and Clayton Utz.

For further information please contact:

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RIDLEY BACKGROUND

Ridley Corporation Limited (ASX: RIC) is Australia's leading supplier of animal nutrients, ingredients and feeds for the safe and sustainable production of food from livestock. Ridley's operations service both ends of the food production value chain. Ridley is a leading supplier of animal nutrition products to producers in the beef, dairy, poultry, pig, sheep, and aquaculture industries, laboratory animals and equine and canines animals in the recreational sector. Through its rendering operations, Ridley is also one of Australia's largest processors of animal by-products, supplying a range of products to service Australian and export markets. Ridley has a diversified production base across eastern and southern Australia and a portfolio of well recognised brands servicing customers across Australia.



CKLS BACKGROUND

CK Life Sciences Int'l., (Holdings) Inc. is a listed company on The Stock Exchange of Hong Kong Limited (stock code: 0775). Bearing the mission of improving the quality of life, the Company is engaged in the business of research and development, commercialisation, marketing and sale of health and agriculture-related products. CK Life Sciences is a member of the Cheung Kong Group.

ASX

Ridley has received in-principle advice from the ASX that approval under ASX Listing Rule 11 is not required for the Transaction. For purposes of the ASX Listing Rules, Ridley discloses the following financial information about the Transaction:

The business being sold by Ridley accounts for the following proportions of the following financial measures when assessed against the latest audited financial statements of Ridley (for the year ending 30 June 2012):

- approximately 34.56% of Ridley's total consolidated assets;
- approximately 13.45% of Ridley's total consolidated annual revenue; and
- approximately 36.18% of Ridley's earnings before interest and tax.