



14 December 2015

GrainCorp expands grain origination footprint in Canada

GrainCorp is pleased to announce expansion of its grain origination footprint in Canada, through the establishment of a joint venture with Zen-Noh Grain Corporation, a subsidiary of major Japanese agricultural cooperative Zen-Noh (National Federation of Agricultural Cooperative Associations).

GrainCorp will hold a 50 per cent share in the joint venture, which will be based in Calgary, Canada and plans to operate grain receival sites across Alberta and Saskatchewan. These sites will be part of a fully integrated supply chain for the origination, marketing, storage, handling, distribution and exporting of Canadian grain and oilseed.

To support the start-up phase, including construction and commissioning of the sites, GrainCorp will contribute CAD\$30 million (AUD\$30 million) over the next two years, while the joint venture will source additional funding from financial institutions of CAD\$60 million. GrainCorp's contribution will be made from existing cash and debt facilities.

Construction is expected to be staged progressively from the second half of FY16 through to the end of FY18. The construction and other activities of the joint venture are subject to the satisfactory completion of due diligence of the potential sites, as well as obtaining other customary regulatory and planning approvals.

Managing Director & Chief Executive Officer Mark Palmquist said the expansion was in line with the growth strategy outlined at GrainCorp's Investor Day in May.

"This is an exciting opportunity to partner with one of the world's most respected agricultural organisations and deepen our relationships with our international customers by growing our grain origination capability. The joint venture will leverage GrainCorp's existing Canadian footprint, including our Calgary Marketing office and Canadian Malting Company operations; plus Zen-Noh Group's significant experience and customer relationships in exporting agricultural commodities from North America to Japan and other Asian destinations.

"A key part of GrainCorp's value proposition for international customers is to have a multi-origination offering, so that we are in a position to offer a solution for a broader range of requirements. This gives us greater relevance and a broader platform to engage with the customer, creating more opportunities to offer our services.

"Of course, the new business also benefits grain and oilseed growers in the Canadian Prairies, by providing an independent and alternative pathway to market," Mr Palmquist said.

Mr John Williams, President & CEO of Zen-Noh Grain Corporation said: "We are pleased to be involved in this project with GrainCorp. This is a good opportunity to grow our business in Canada with a trusted partner. It allows us to strengthen further our ability to supply our customers in Japan and Asia and we look forward to a bright future for the joint venture."

Joint venture arrangements

The joint venture is incorporated in Canada.

GrainCorp Marketing's existing office will support the joint venture to manage the origination process with Canadian grain growers.

Discussions have commenced in relation to rail and port access for the joint venture.

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ABOUT ZEN-NOH GRAIN CORPORATION

Zen-Noh Grain Corporation (ZGC) is a subsidiary of Japanese Agricultural Cooperative, Zen-Noh (National Federation of Agricultural Cooperative Associations, www.zennoh.or.jp/about/english).

Zen-Noh is one of the largest agricultural cooperative organisations in the world with its 1,011 member cooperatives, and is in charge of supplying agricultural inputs and marketing agricultural products with more than 6.2 trillion yen of consolidated revenues.

ZGC was established in 1979 by Zen-Noh and JA Group and started its grain export elevator at Convent, Louisiana, USA in 1982. Today ZGC exports 12-13 million MT/year of US corn, beans, sorghum and so on to Japan and other global markets.

FURTHER INFORMATION

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