



Australian Agricultural Company Limited
ABN 15 010 892 270

AACo Letter to Shareholders

ASX Announcement

22 May 2019

Letter from the Chairman of Australian Agricultural Company Limited ('AACo') to shareholders.



22 May 2019

Dear Valued Shareholder,

Ahead of the announcement of our end-of-year results, we want to provide further context around some of the strategic partner investments that AACo has made over the past few years and the capability we have been developing to support our next growth phase.

As investors, you will know of AACo's rich history and heritage. We are in many ways the Australian story – a cattle company founded in 1824 that has grown to become a world leader in the beef industry.

To continue to grow our branded beef businesses and stay at the forefront of the agriculture sector we need to innovate, embrace disruption and seek out new ways to run our core business, and while we have expertise in some areas, we had previously lacked some of the skills to effectively implement our strategy.

AACo identified these gaps in our skillsets and considered whether using outsourced services at home or abroad was the best way to build our capabilities, in the most cost-effective manner.

During this time Tavistock has consistently shared opportunities and their knowledge with AACo that might be of benefit to the business. In that spirit, the AACo Board explored co-investing in some service providers. AACo also sought out or were approached by individuals or entities with ideas for potential investment solutions that we investigated with Tavistock.

These were in the areas of:

- Assessing and monitoring genetic data
- Feed conversion
- Medical research and development employing bovine byproducts
- Animal health and welfare
- IT infrastructure, management and digital marketing
- Data sourcing and analytics

The AACo Board examined each of these opportunities, measuring them against the needs of the organisation. The Board then conducted its own due diligence, before determining to invest in six businesses, alongside Tavistock and other unrelated parties.

As a world leader and iconic Australian company, AACo is careful about the way it operates its business. When working alongside Tavistock, investments were specifically structured to ensure that Tavistock did not have a controlling interest and the agreements contained strong confidentiality provisions to guarantee the protection of intellectual property.

Tavistock Directors, Shehan Dissanayake and Neil Reisman, recused themselves from decision-making around these investments.

The AACo Board is proud of these partner investments and what they have assisted us to achieve. They have enabled us to innovate and establish solid foundations for future growth and development.

We are fortunate to have the continuing support of a major shareholder in Tavistock, giving us global access to unique opportunities, customers, new markets, cutting-edge technology and world-leading third parties that we would not otherwise have.

AACo takes its reporting and disclosure requirements seriously and will continue to follow the standards set by the Australian Accounting Standards Board. Investments have been disclosed in financial reporting where they have been material in nature. An association with some of these entities was also shared with investors at our half-yearly results presentation in November 2017.

Shareholders will understand that commercial in confidence information cannot be provided without jeopardising commercial agreements. Some of you may have seen reports about some of these transactions. We want to take this opportunity to ensure accurate information is on the record. We want to share as much as we can, in the spirit of openness, as you join us on the journey from being a cattle company to a world-class premium branded beef company.

We attach for completeness a list of AACo's partner investments with Tavistock or Tavistock-related entities and the services they provide to AACo.

Investment entity	Services provided	Year Invested	Equity stake as at 31 March, 2019
Genetics Insights and Innovation			
Ruminate Labs	Research and development around the potential commercial use of bovine waste product as a reagent.	2016	45.00%
Nucleus Biologics	Research into the potential application of bovine foetal blood.	2016	9.77%
Engineering and Manufacturing			
Atlas Labs	Developing livestock intelligence tagging technology for herd management and data sourcing.	2017	35.25%
IT and Analytics			
Pyxle	Cost efficient IT and software services, providing special project and operational support, to complement small internal IT team	2017	31.82%
Trabeya	Data analytics to inform decision making and drive efficiencies across the supply chain	2017	42.86%
Digital Marketing			
Surge Global	Provision of services relating to website management and digital	2018	25.49%

Yours sincerely,



Donald McGauchie AO
Chairman