A Platform to Generate Real Value

Capital Raising Presentation

15 September 2014

Elders

175 YEARS

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Contents

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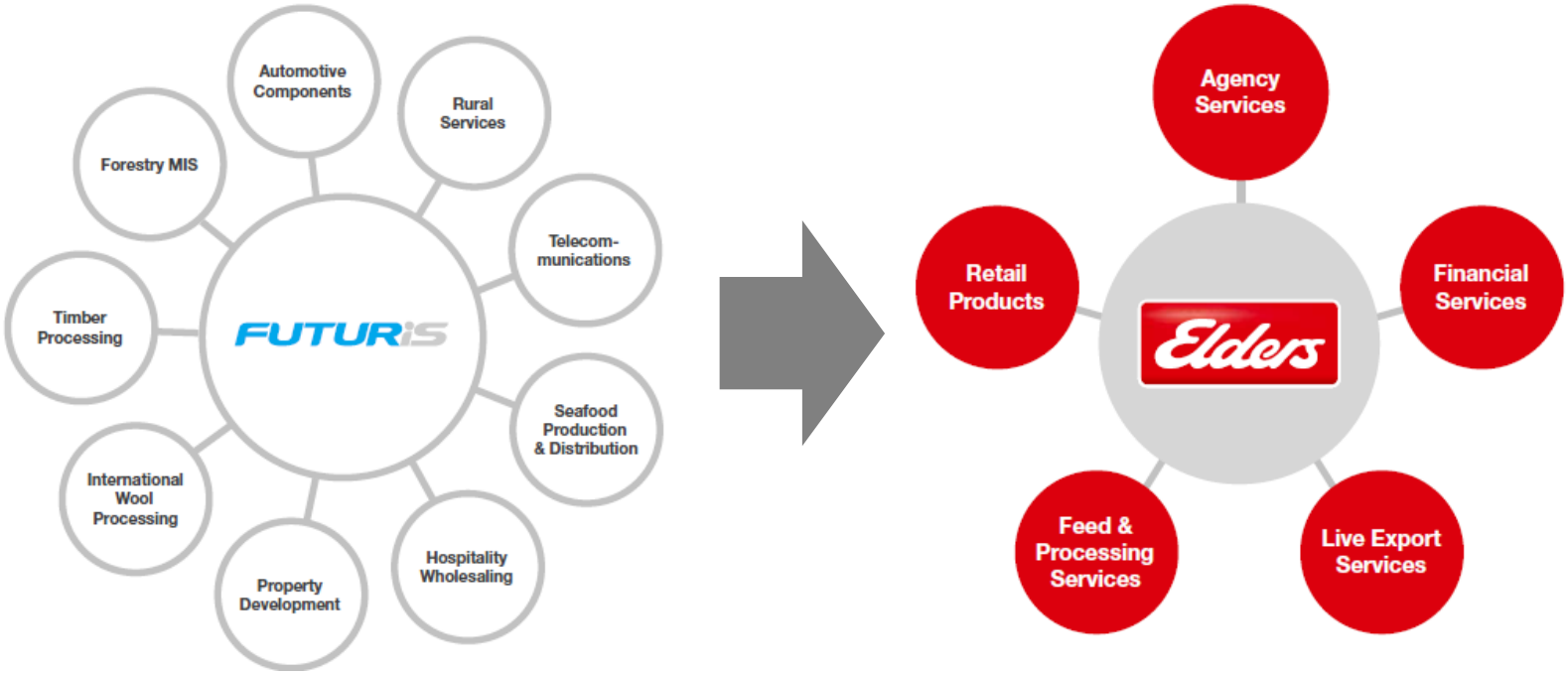
Introduction

- Elders has transitioned from a complex and highly geared conglomerate to an agribusiness focused company with lower costs and substantially lower debt
- Elders is one of the leading suppliers of rural services to the Australian farm sector through traditional branch and agency operations and trading businesses that link primary producers with world markets



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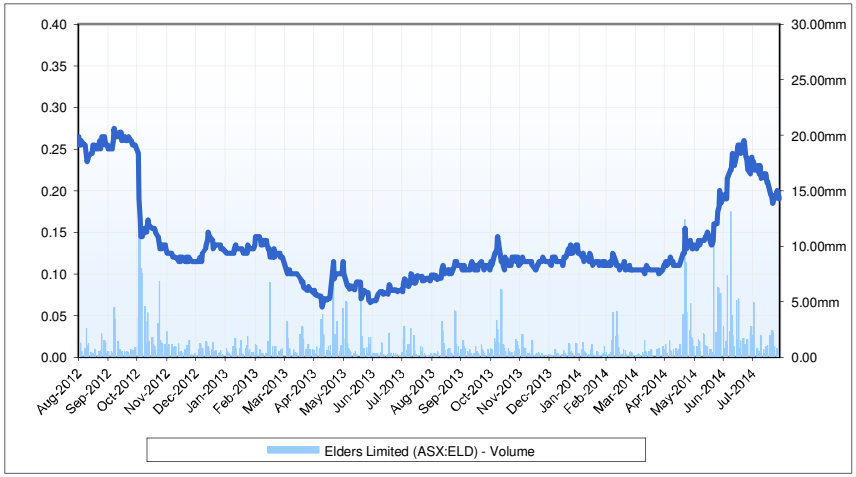
Introduction

ELD Key Statistics*

ASX Code	ELD
Share Price	$0.21
52 Week High / Low	$0.27 / $0.092
Ordinary Shares on Issue	455m
Market Capitalisation	$95.6m
Major Shareholders	Ruralco Holdings Limited (11.9%) QBE Insurance Group (5.1%)

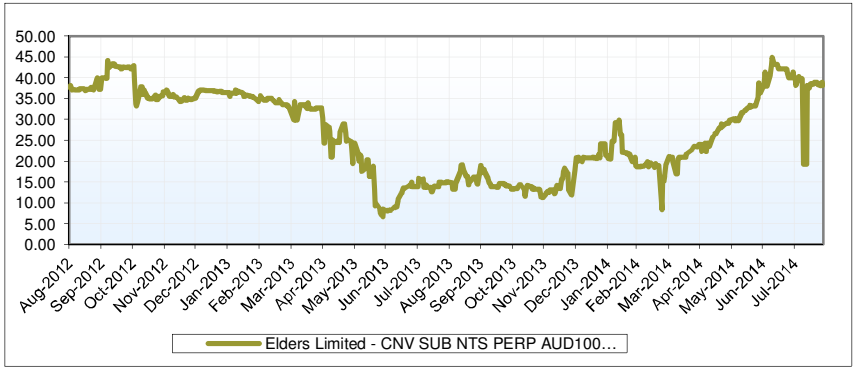
ELD Price Performance



ELDPA Key Statistics*

ASX Code	ELDPA
Issue Date	April 2006
Face Value	$100 / $150m
Current Price	$42.84
Hybrids On issue	1.5m
Market Capitalisation	$64.3m

ELDPA Price Performance



*As at 10 September 2014

Introduction

ELDPA - Key Terms

(ASX: ELDPA)*	• 1,500,000 issued in 2006 • $100 face value ($150 million raising) • Perpetual (no maturity date), subordinated, convertible, unsecured notes • Quarterly distributions, subject to Board approval. Distribution rate is (the higher of) 3 month bank bill swap rate and the 10 year swap rate plus (in each case) a margin of 4.7% per annum • Non-cumulative. However, Elders is prevented from making distributions or capital returns to ordinary shareholders until it pays an amount equal to 12 months of back distributions to hybrid holders • Rank ahead of ordinary shares in a wind up to an amount equal to $100 plus any unpaid distributions in the last 12 months • Elders can implement face value conversion at a 2.5% discount to the ELD 20 day VWAP • Hybrid holders may require conversion in an Elders Ltd takeover recommended by the board, taking into account any premium paid to ordinary holders in the relevant bid • Hybrid terms can be varied with approval of 75% of hybrid holders who vote • Hybrids may be purchased back and retired
**Full terms set out in a replacement prospectus dated 28 February 2006.*	

- Distributions ceased in 2009
- Priority for the short to medium term is to direct cash flow back into re-invigorating and strengthening the business to grow earning and returns
- As a result, ordinary share dividends (and hybrid distributions) are unlikely to resume in the next two to three years at the least

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Experienced agribusiness CEO

- Mark Allison appointed CEO in May 2014
- Deep agribusiness experience throughout entire supply chain
- Track record of developing and implementing successful corporate strategy
- Supported by executive team with functional excellence and industry expertise

Distribution network	Managing Director and Chief Executive Officer of Wesfarmers Rural Division and Wesfarmers Landmark
Corporate strategy	Successfully executed sale of Landmark to AWB, realising significant shareholder value
Grower and industry focussed	Chief Executive Officer Grain Growers Limited
Heavy manufacturing	Managing Director and Chief Executive Officer of Wesfarmers CSBP and General Manager – Fertilisers, Incitec Limited
Products and services	Managing Director and Chief Executive Officer of Crop Care Australasia and FarmOz
Regulatory	Director on the Grains and Legume Nutrition Council, Chairman of Australian Pesticides and Veterinary Medicines Authority, CropLife Pty Ltd and Agsafe Pty Ltd
Practical field and sales work	Senior sales, marketing and technical roles within the crop protection, animal health and fertiliser industries

Richard Davey, Chief Financial Officer

Richard Davey was appointed Chief Financial Officer of Elders Limited in January 2013. He is a Chartered Accountant who has held senior finance positions with the Company since joining Elders in June 2002 and prior to this spent more than eight years with PricewaterhouseCoopers in Australia and Canada.

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Board renewal: Agribusiness focus

- Board renewal undertaken in 2014
- Every director has agribusiness experience
- Strong finance and corporate strategy capability

Hutch Ranck, Chairman

Appointed Chairman in April 2014. Mr Ranck spent 31 years with DuPont leading business in ANZ and Asia Pacific in Agriculture, Pharmaceuticals, and Industrial Chemicals , retiring as Managing Director of DuPont (Australia) and Group Managing Director of DuPont ASEAN in May 2010. In the last 10 years he has served as a director of the Business Council of Australia, the Australian Pesticides and Veterinary Medicines Authority, the Chemical and Plastics Association and the Crop Chemical Association – Crop Life. Mr Ranck was a member of the Prime Minister's Science , Engineering and Innovation Council from 2000 until 2010. Today Mr Ranck is also a director of Iluka Resources and The CSIRO.

James Jackson, Deputy Chairman and non-executive Director

James Jackson was appointed Deputy Chairman and Non-executive Director of the Board in April 2014. Mr Jackson has more than 25 years' experience in capital markets and agribusiness, both in Australia and overseas. He held a Senior Vice President role with investment bank SG Warburg (now part of UBS) in New York and was a director of MSF Sugar Limited from 2004 to 2012, including being Chairman from 2008. Mr Jackson owns and operates a beef cattle enterprise in northern New South Wales.

Ian Wilton, non-executive Director

Ian Wilton was appointed Non-executive Director of the Board in April 2014. Mr Wilton is a Certified Practising Accountant with senior executive experience across the agricultural sector. He has held Chief Financial Officer positions with the sugar division of CSR Limited, Ridley Corporation and GrainCorp Limited and was President and Chief Executive Officer of GrainCorp Malt. Mr Wilton is currently Chief Financial Officer for Allied Mills Pty Limited, a joint venture between GrainCorp Limited and Cargill.

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Capital raising

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Capital raising

Placement and Entitlement Offer to raise a total of approximately $57m. Funds raised will be used pay down existing debt

Placement

- Placement of 68.25m shares at an offer price of $0.15 to raise $10.2m

Entitlement Offer

- 3 for 5 non-renounceable entitlement offer at an offer price of $0.15 to raise $47.0m
- Entitlement offer fully underwritten by Bell Potter Securities Limited and Morgans Corporate Limited

Offer Price

- 17.9% discount to theoretical ex-rights price (TERP)
- 28% discount to 1 month VWAP

Rationale

On completion of the capital raising and debt refinancing, Elders will have appropriate funding to optimise performance and the ability to direct capital into high return opportunities

- Financial position stabilised with new supportive banking syndicate
  - New debt facilities to provide seasonal and working capital funding
  - New debt facilities on normalised commercial terms
  - Operating cash-flow now able to be directed into re-invigorating and growing the rural services business
- Significant cost reductions executed by new senior management
- Substantial turnaround in underlying EBIT of up to $77m for FY14
- Elders now well positioned to implement Eight Point Plan
  - Targeting $60m EBIT and 20% ROC by FY17

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Details of the capital raising

Placement	
Offer structure	• 68,251,999 shares to be issued under 15% placement capacity (LR 7.1) • Shares issued to institutional and sophisticated investors (s708)
Offer price	• $0.15 per share • 28% discount to 1 month volume weighted average price
Ranking	• Shares rank equally with existing shares on issue and will be entitled to participate in entitlement offer
Entitlement Offer	
Offer structure	• Non-renounceable entitlement offer to all eligible shareholders • 3 new shares for 5 shares held at the record date, plus top-up facility to apply for additional shares • Fully underwritten by Bell Potter Securities Limited and Morgans Corporate Limited
Offer price	• $0.15 per share • 17.9% discount to TERP of $0.183 • 28% discount to 1 month volume weighted average price
Ranking	• Shares will rank equally with existing shares on issue
Use of proceeds	• Elders will use the proceeds of the placement and entitlement offer to pay down existing debt facilities

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Indicative capital raising timetable

Event	Date
Trading halt announced	Thursday, 11 September 2014
Placement completed, capital raising announced and shares recommence trading	Monday, 15 September 2014
Shares trade "ex" entitlements	Wednesday, 17 September 2014
Placement settlement	Thursday, 18 September 2014
Record date to determine entitlement offer eligibility	Friday, 19 September 2014
Dispatch of entitlement offer documents	Wednesday, 24 September 2014
Entitlement offer closes	Tuesday, 7 October 2014
Entitlement offer shares allotted and dispatch of shareholding statements	Tuesday, 14 October 2014
Entitlement offer shares commence trading	Wednesday, 15 October 2014

Timetable subject to change without notice

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Debt reduction & new banking facilities

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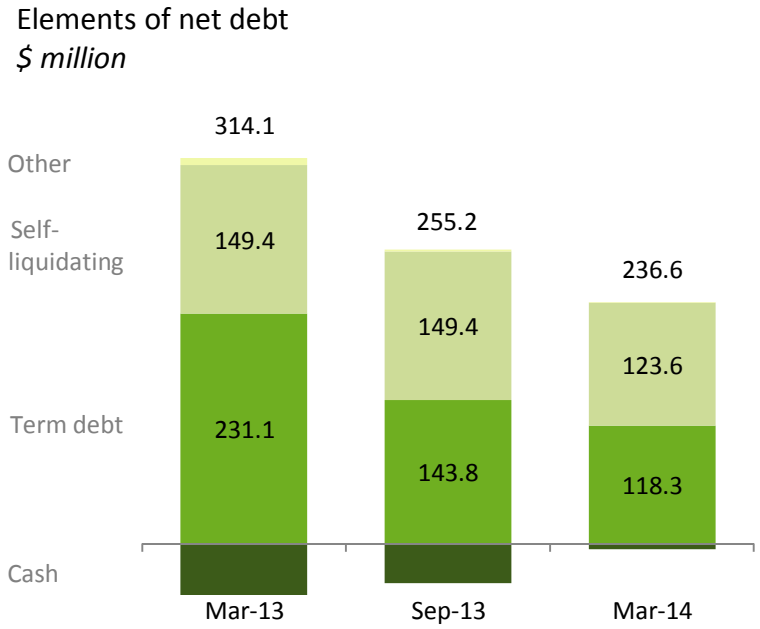
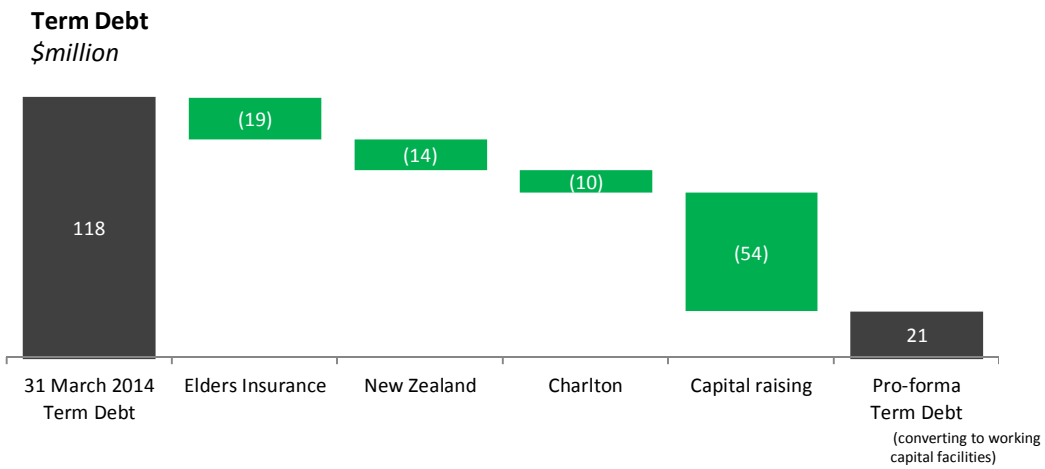
1H F14 Net Debt



- Term debt halved year-on-year; reduced 18% over period
- Capital management strategy to shift towards more flexible and appropriate finance structure

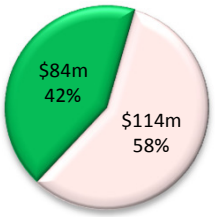
Term debt reduction



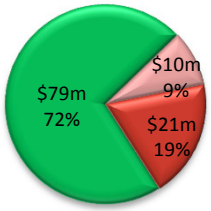
- Term debt reduced from $118m at 31 March 2014 to $21m on a pro-forma basis
  - divestments $43m
  - net proceeds from the capital raising $54m
- As disclosed to the ASX on 5 September 2014, Elders has disposed of its 50% interest in AWH Pty Ltd for approximately $32m. The purchase price will be paid to Elders only once all post completion steps have occurred and required approvals have been obtained. This has not occurred as at the date of this presentation and there is a risk that these steps may be delayed or may not occur. If they do not occur, Elders will not receive the sale proceeds and will thereafter continue to hold its interest in AWH. No debt reduction from the sale of AWH is assumed in the chart above
- Existing term debt facility proposed to be refinanced and converted into revolving working capital cash advance facility with an annualised limit reduction of $15m pa

Proposed new working capital facilities

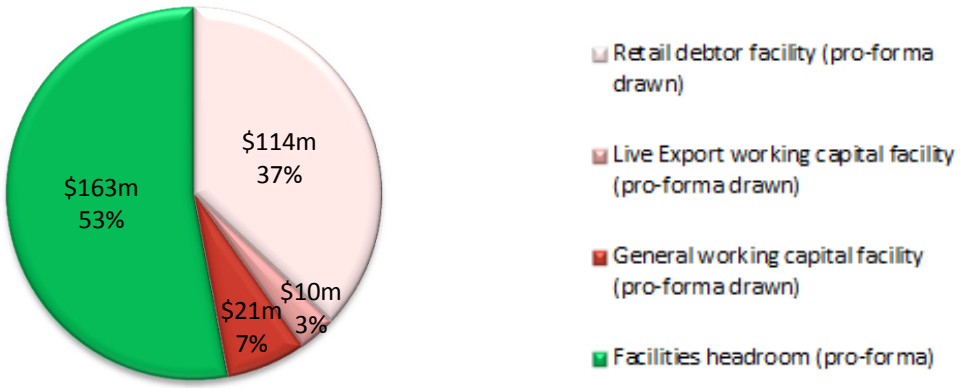
Retail debtor facility
$198 million



Live Export and General working capital facilities
$110 million



Total working capital facilities
$308 million



- New debt package will include a range of flexible working capital facilities including converted term debt
- Total new working capital facilities of $308m, pro-forma drawn to $145m
- Sale process being undertaken for AWH, potential to decrease drawn working capital further

Improved debt position after refinancing

- New syndicated facilities of $308m, drawn to $145m with 3 current syndicate members
- Working capital facilities will have up to three year tenure*
- $60m stand-by letter of credit and bank guarantee facility to reduce to $30m within 3 months of completion of refinance
- No term debt facilities – board policy is to maintain minimal to zero term debt
- No mandated asset disposals or mandatory amortisation
- Standard financial covenants include:
  - Interest cover ratio (EBITDA/Interest Expense)
  - Leverage ratio (Net debt/EBITDA)
  - Tangible net worth test (Tangible assets less liabilities)
- Covenants structured with circa 25% headroom with a first testing date of 31 March 2015
- Interest savings:
  - 10 bps on retail debtor facility
  - 125 bps on other working capital facilities

**Refer to Appendix 3 for more detail on the debt facilities*

Pro-forma balance sheet

$ million	As at 31 March 2014	Divestment of assets	Net proceeds from capital raising	Refinance	Pro-forma Balance Sheet as at 31 March 2014
Cash and cash equivalents	6.0	(5.6)	54.0	(54.0)	0.4
Assets held for sale	99.0	(69.0)	-	-	30.0
Other assets	497.6	-	-	-	497.6
Total Assets	602.6	(74.6)	54.0	(54.0)	528.0
Liabilities associated with assets held for sale	31.1	(31.1)	-	-	-
Term debt	118.3	(43.7)	-	(74.6)	-
Working capital facilities and other	124.2	-	-	20.6	144.8
Other liabilities	291.0	(0.2)	-	-	290.8
Total Liabilities	564.6	(75.0)	-	(54.0)	435.6
Issued capital	1,268.6	-	54.0	-	1,322.6
Hybrid equity	145.2	-	-	-	145.2
Other	(1,375.8)	0.4	-	-	(1,375.4)
Total Equity	38.0	0.4	54.0	-	92.4
Gearing [term debt / equity]	311%				0%
Gearing [net debt / equity]	622%				156%

- Pro-forma balance sheet shows impact of the following events as though they had occurred on 31 March 2014:
  - Divestment of non-core assets as previously disclosed
  - Net proceeds of the capital raising of $54m, assuming $57m raised
  - Refinancing of debt facilities, with net proceeds from capital raising extinguishing $54m of existing term debt and conversion to working capital facilities
- Pro-forma balance sheet does not show impact of potential AWH asset sale (see slide 17)
- DTA on tax losses not recognised $230m
- Franking credits of $18m
- Refer to Appendix 1 for detailed Pro-forma Balance Sheet and basis of preparation

Elders moving forward

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Elders now: what we are

Retail Products

- Farm Supplies
- Fertiliser

$1b retail sales

540k tonnes fertiliser

Agency Services




- Livestock
- Wool
- Grain
- Real Estate

9.1m head sheep

1.6m head cattle

386k wool bales

1.3m grain tonnes

$1.3b real estate sales

Financial Services


- Banking
- Insurance

$2.8b loan book

$1.6b deposit book

$560m GWP

Feed & Processing


- Killara Feedlot
- Elders Indonesia
- Elders China

Killara	41k head
Indonesia	18k head
China	$8.2m sales

Live Export

- Short haul livestock
- Long haul livestock

77k head short haul

56k head long haul

Online Platforms

- Agsure
- Auctions Plus

** Figures based on FY13 statistics, excluding discontinued operations*

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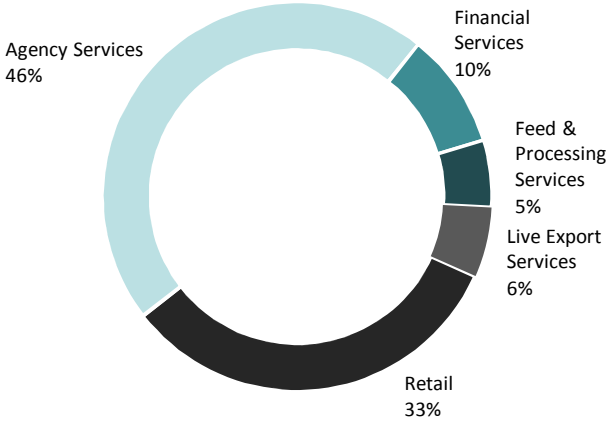
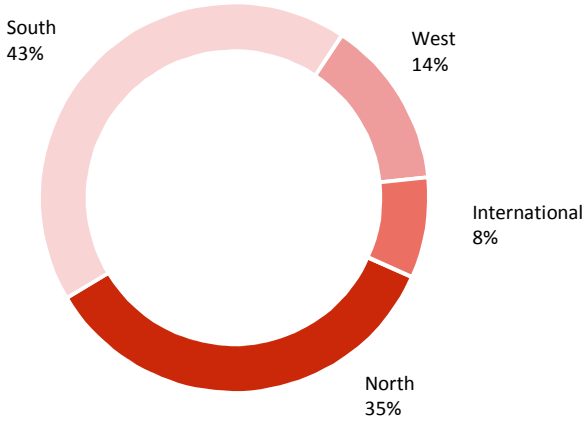
Elders now: what we are

Margin generated by product *



Margin generated by geography *



- Diversification in product offerings and geographic streams of earnings
- Diverse climates and growing capabilities of customer base
- Touch points across entire agricultural supply chain

** Based on 1H FY14 results*

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Elders now: where we are

- ✓ Approximately 2,000 employees in 370 locations in Australia
- ✓ Operations in Indonesia and China, and access to world markets
- ✓ Proximity to Asia provides opportunity to capitalise on growing middle class demand for premium agricultural products

Elders today: the opportunity

Growing global demand for food and fibre, particularly from Asia, presents opportunities for Australian agriculture and Elders

Global trends

Population growth
World population 8 billion by 2025
85% of growth from Asia

Increased food demand
To rise 75% in first half of 21st century

Rising middle class
An example is Indonesian middle class growing by 20-25 million ever 3-5 years

Increased urbanisation
An example is that 50% of Chinese population lives in cities and spends 270% more than rural counterparts

Decreasing arable land
Due to urbanisation and environmental contamination

Australian competitive advantage

- ✓ **Diversified geography and product base**
- ✓ **Ample land and water supply**
- ✓ **Proximity to Asian markets**
- ✓ **Deregulated markets driving competition**
- ✓ **World leading biosecurity**
- ✓ **Best practice farming methodologies**
- ✓ **First world infrastructure**
- ✓ **Politically stable**

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Elders' turnaround

- Turnaround on track with significant milestones achieved
- Recapitalisation underway
- Recapitalisation will provide capital structure to optimise business and enable Elders to grow

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Delivering on four priorities

Capital Management

- ✓ Ongoing ROC focus
- ✓ Average working capital reduced 20% from FY13
- ✓ Term debt to revolving facility with capital raising
- ✓ Refinance to complete with capital raising
- ✓ Capital raising will allow working capital to be optimised given seasonal and live export demand

Operational Performance

- ✓ Up to $77m Underlying EBIT turnaround in FY14
- ✓ All areas have lifted earnings contribution
- ✓ Eight Point Plan developed and being implemented
- ✓ EBIT margin* lifted to 2% from -3%
- ✓ ROC* at 10% up from -9%

* EBIT and ROC figures are based on F14 (low) outlook and are comparable to F13

Leadership Renewal

- ✓ Board renewal: 2 new NEDs and new chair
- ✓ Experienced agribusiness CEO appointed with track record of delivering value
- ✓ Executive management restructured to align capabilities with strategy
- ✓ Ongoing investment in leadership renewal and development (eg branch managers development course)

Safety Performance

- ✓ Lost time injuries almost halved
- ✓ Ambition is to be LTI free

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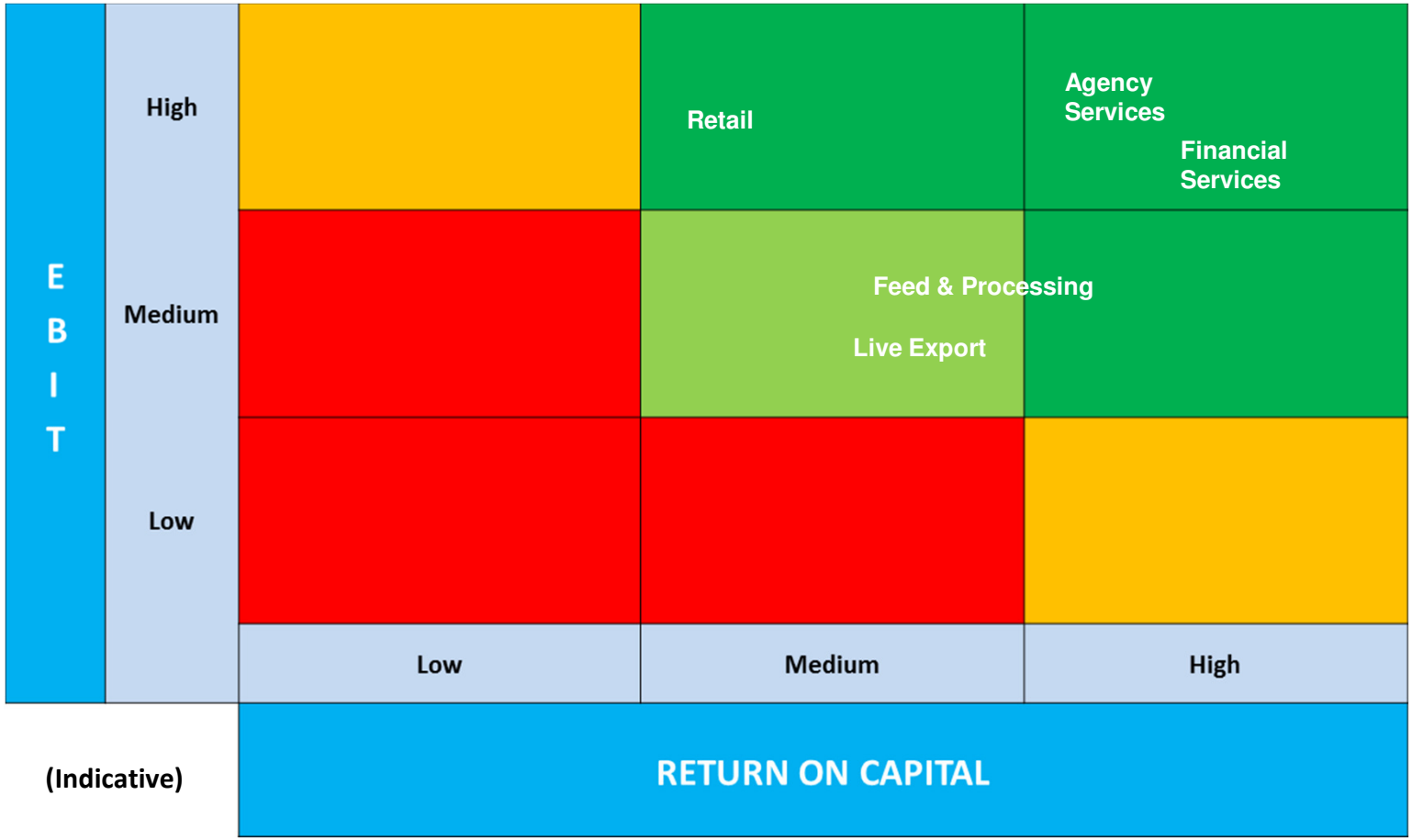
Strategy



The Eight Point Plan

Values, Performance & Brand
Delivering our strategies through a values, safety and performance based culture that maximises the iconic Elders brand and positioning

Geographical Coverage & Distribution Channels
Strengthening and expanding our range of distribution channels

Retail Products
Business improvement of our farm supplies and fertiliser products

Agency Services
Strengthening and expansion of our wool, livestock, real estate and grain products

STRATEGIC INTENT:
To grow to a sustainable EBIT of $60m and ROC of 20% in 2017 by offering value creating products and services both Australia and internationally

Financial Services
Strengthening and expansion of our banking, insurance, and financial planning products

Feed & Processing Services
Improvement and expansion of our feed and processing business

Live Export Services
Controlled growth of our live export business

Cost, Capital & Efficiency
Continuous efficiency gains with cost and capital reduction

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The Eight Point Plan in action

Values, Performance and Brand	• delivering Elders' strategies through values, safety and performance based culture that maximises the iconic Elders brand and positioning
Geographical Coverage and Distribution Channels	• branch optimisation plan • expanding distribution channels, including wholesale and online
Retail Products	• implementation of a capital light, ROC driven farm supplies and fertiliser business model • product and supplier rationalisation plan for selected farm supplies and fertilisers • national retail margin management system • rebuilding technical services expertise
Agency Services	• strengthening and expanding our wool, livestock, real estate and grain products through improved operating and remuneration structures • recruitment and retention of high performers
Financial Services	• driving cross referrals and maximising opportunities throughout the portfolio • recruiting key people across all product areas • refining long term joint venture arrangements • implementing innovative operating models
Feed and Processing Services	• Killara feedlot: disciplined ROC based feedlot capacity utilisation, supported by continued export and feeder demand • Roll out of Indonesian integrated supply model in China and Vietnam
Live Export Services	• controlled growth through a disciplined ROC based live export shipment evaluation and approval process • pursuing growth opportunities in existing and new markets
Cost, Capital and Efficiency	• continuous efficiency gains with capital and cost reductions

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Outlook and summary

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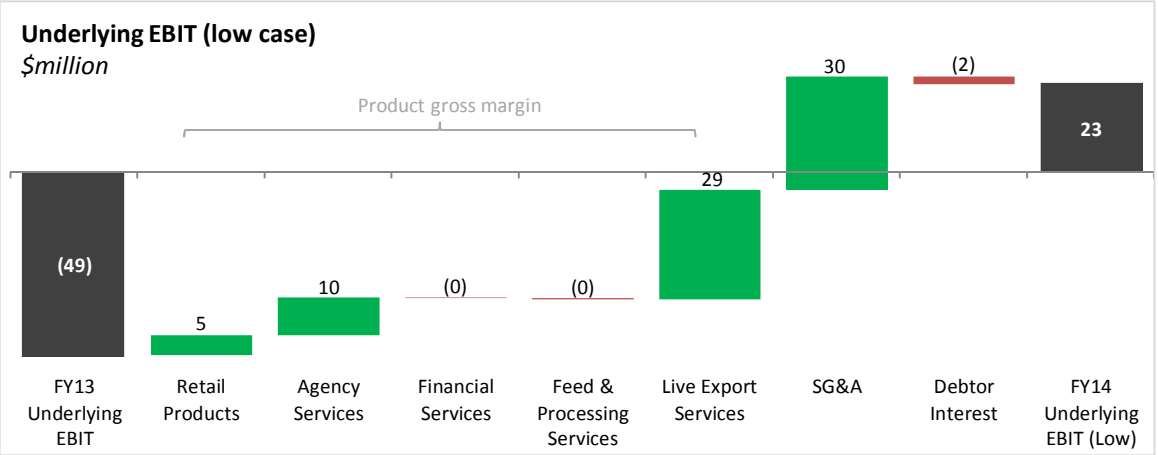
FY14 outlook

Profit: Reported and Underlying (September year end)					
$million	FY14		FY13 *	Change	
Underlying EBIT:	**Low**	**High**		**Low**	**High**
Network ^	49	51	16	33	36
Feed and Processing Services	3	4	4	(2)	(1)
Live Export Services	4	5	(27)	31	32
Corporate Services	(32)	(32)	(42)	10	10
Underlying EBIT	**23**	**28**	**(49)**	**72**	**77**
Net underlying finance costs ^	(16)	(15)	(17)	1	2
Underlying profit/(loss) before tax	**7**	**13**	**(66)**	**74**	**79**
Tax on underlying profit/(loss)	(2)	(1)	(2)	0	1
Non-controlling interests	(2)	(2)	(2)	-	0
Underlying profit/(loss) to shareholders	**4**	**10**	**(70)**	**74**	**80**
Items excluded from underlying profit/(loss)	**(25)**	**(15)**	**(435)**	**410**	**420**
Reported profit/(loss) after tax to shareholders	**(21)**	**(5)**	**(505)**	**484**	**500**



FY14 Underlying EBIT expected to be in the range of $23m – $28m

Key improvements include:

- Up to $77m in Underlying EBIT turnaround
- Retail: Savings from decentralisation of farm supplies management and improvement in seasonal conditions for Western and Southern zones
- Agency: Livestock price and volume recovery
- Live Export: FY13 includes $(24m) balance sheet adjustments. Good demand in both long haul and short haul markets
- SG&A: Benefits arising from Horizon restructure
- Refer to Appendix 2 for NPAT sensitivity to key drivers

** FY13 results have been restated to allow like-for-like comparison*
^ Overdue debtor income now reclassified to Network EBIT. This was previously reported under finance costs

Elders 175 YEARS

Pathway to higher profits and returns

Eight Point Plan Opportunities			
	EBIT		Average
$ million	Low	High	Capital *
1. Values, Performance & Brand			
2. Geographical Coverage & Distribution Channels	3	6	1
3. Retail Products	3	5	3
4. Agency Services	3	6	
5. Financial Services	1	1	
6. Feed and Processing Services	1	2	
7. Live Export Services	1	3	1
8. Cost, Capital and Efficiency	3	4	
Total Eight Point Plan	**15**	**27**	**5**
Livestock Prices	3	6	1
Wool Clip Recovery	1	2	
Banking	1	2	
Seasonal Improvements - Retail	-	3	4
Other	-	1	
Total Market Environment / Other	**5**	**13**	**5**
EBIT Opportunities	**20**	**40**	**10**

** Average capital requirements for low to medium EBIT opportunities. To achieve high EBIT opportunities, it is expected that additional capital will be required which can be achieved within the existing capital base.*

- Geographical Coverage & Distribution Channels
  - Branch benchmarking and improvement plan
  - Wholesale Farm Supplies (On line platform capex $1m)
- Retail Products
  - Speciality fertiliser
  - Product and supplier rationalisation
  - Margin control on non-price sensitive products
- Agency Services
  - Livestock price increase and volume growth
  - Wool recovery from poor seasonal conditions
- Financial Services
  - New business opportunities – food and advisory
- Feed & Processing Services
  - Killara feedlot: Optimising utilisation levels, supported by continued export and feeder demand
  - Roll out of Indonesian integrated supply model in China and Vietnam
- Live Export Services
  - Stabilising long haul; strong demand from China allows selective shipping
  - Short haul supported by strong demand from Indonesia and Vietnam
- Cost, Capital & Efficiency
  - Net cost reduction of 2%

Elders 175 YEARS

Investment summary

Elders

- A focussed Australian agribusiness with lower costs and lower debt
- A board and management team with deep rural services experience
- A leading supplier of rural services to the Australian farm sector
- Presence in all significant Australian agricultural regions and market segments
- Delivering cost reductions and underlying EBIT improvement in FY14
- New bank facilities and equity funding to underpin growth strategy
- A strategic plan to deliver improved earnings and returns
- FY17 target of $60m EBIT and 20% ROC
- A platform to generate real value

Key risk factors

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Key Risk Factors

- **Introduction**
  - Before applying for New Shares applicants should consider whether the New Shares are a suitable investment. Applicants should be aware that there are risks associated with an investment in the New Shares and Elders generally, many of which are outside the control of Elders and its Directors.
  - The summary of risks below is not exhaustive. Applicants should read this section together with all publicly available information (including this Offer) and consult their stockbroker, accountant, solicitor or other professional adviser before deciding whether to apply for New Shares in Elders.
- **Eight Point Plan**
  - Failure to successfully execute the eight point plan and other operational initiatives may have a material adverse effect on Elders' future financial performance and position, including Elders' ability to achieve its aspirational performance targets.
- **AWH sale**
  - As disclosed to the ASX on 5 September 2014, Elders has disposed of its 50% interest in AWH Pty Ltd for approximately $32 million. The purchase price will be paid to Elders only once all post completion steps have occurred and required approvals have been obtained. This has not occurred as at the date of this presentation . There is a risk that these steps may be delayed or may not occur. If they do not occur, Elders will not receive the sale proceeds and will thereafter continue to hold its interest in AWH.
- **Risks associated with Elders' rural activities**
  - Set out below are examples of risks associated with Elders' rural activities. It is not intended to be an exhaustive list. These risks are relevant to the decision to invest in New Shares as they may affect the level and volatility of the profits of Elders and therefore its capacity to pay dividends.
  - In relation to the rural activities, Elders' financial performance will be dependent on conditions in the rural economy. In turn such conditions are largely influenced by levels of demand and prices in world commodity markets and seasonal conditions.
- *Adverse climatic conditions*
  - Elders' business is sensitive to adverse climatic conditions or other natural events (for example flood, drought, pestilence and fire). Adverse climatic conditions and other natural events may reduce the output of relevant agricultural products and affect the operation of Elders' business.
- *Movements in commodity prices and other factors*
  - Movements in international commodity prices, exchange rates and a decrease in the volume of Australian rural production are beyond Elders' control and could adversely affect margins in the future.
- *Health and safety of agricultural products*
  - Biosecurity threats to the health and safety of agricultural products and livestock (for example BSE in respect of cattle, other disease, pestilence and forces of nature) may adversely affect Elders' business.

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Key Risk Factors

- *Livestock export business*
  - Elders is engaged in the livestock export business. This business may be adversely affected by the imposition of tariffs or free trade agreements, export bans or embargos which may reduce Elders' competiveness, or ability to operate, in international markets.
- *Government subsidies*
  - Subsidies given to foreign rural producers may adversely affect the competitive position of Australian rural outputs.
- *Rural loans*
  - Any of the above factors may also affect the ability of borrowers to service rural loans. This may affect the value of securities held against rural loans with a consequent effect on the carrying value of the investment in Elders and the return from this investment.
- **Risks associated with Elders' business**
- *Competition*
  - Elders faces competition in the markets in which it operates. Competition may affect the cash flow and earnings which Elders will realise from its operations.
- *Finance facilities*
  - ANZ, Rabobank and NAB (the **Financiers**) have issued to Elders a credit approved commitment letter and term sheet under which the Financiers commit to provide loans and other banking facilities to Elders for the purposes of refinancing or retiring its existing senior debt financing arrangements and to finance the general corporate and working capital requirements of the Elders Group.
  - The availability of funding to Elders under its new banking facilities is subject to the satisfaction of a number of conditions precedent, including but not limited to the receipt of funds by Elders from the capital raising and the entry into of formal documentation reflecting the commitment letter and term sheet. If for any reason those conditions precedent are not satisfied (to the extent they are not waived by the Financiers), Elders will not be entitled to draw down under the facilities. Elders is not as at the date of this presentation aware of any reasons why the conditions precedent will not be satisfied in the ordinary course to enable first drawdown to occur as and when required.
  - Elders is subject to various covenants in relation to its existing and new banking facilities. Factors such as a decline in Elders' operational and financial performance could lead to a breach of its debt covenants. If this occurs, Elders may be required to repay its loans and other amounts outstanding under its banking facilities immediately.
  - Elders' ability to service its debt will depend on its future performance and cash flows, which will be affected by many factors some of which are beyond Elders' control. Any inability of Elders to service its existing debt or future debt may have a material adverse effect on Elders.
- *Loss of key personnel*
  - Elders' profitability may be restricted by the loss of key management personnel who have particular expertise in the market in which Elders' operates.

Elders 175 YEARS

Key Risk Factors

- *Litigation and disputes*
  - Legal and other disputes may arise from time to time in the ordinary course of operations. Any such dispute may impact on earnings.
  - On 23 July 2014 Elders made an ASX announcement regarding an award against Elders of $2.7m (at then prevailing exchange rates) plus interest and costs in relation to a historical livestock trading contract. Applicants should consider the details set out in that announcement. The claimant is taking steps to enforce that award and Elders continues to vigorously pursue its counter claim against the claimant. As at the date of this presentation the result of the counterclaim arbitration remains unknown.
- **Risks associated with the Elders' hybrid securities**
- *Hybrid dividend priority*
  - Under the terms of Elders' hybrid securities (**Hybrids**) as detailed in the Hybrid replacement prospectus dated 28 February 2006 (**Hybrid Prospectus**), the holders of Hybrids (**Holders**) are to be paid distributions in arrears on 31 March, 30 June, 30 September and 31 December each year (**Distributions**). Although the Distributions are not cumulative, if a Distribution is not paid, Elders may not pay a dividend or other distribution to its Shareholders.
- This restriction may only be removed in certain circumstances including:
  - by special resolution of Holders;
  - by Elders paying Holders an optional distribution of not less than the unpaid Distributions during the previous 12 months; or
  - by Elders subsequently paying Distributions in full to Holders for a period of 12 months.
  - Elders has not paid Distributions in the previous 12 months. Therefore the restriction on the payment of dividends or distributions to its Shareholders may only be removed in accordance with the circumstances outlined in the paragraph above.
  - If calculated at 28 August 2014, the total amount of Distributions over a 12 month period that Elders would be required to pay before it may pay a dividend or other distribution to Shareholders is $8.8 million. This assumes a fully franked Distribution and is based on interest rate of 8.4% per annum.
  - The Hybrid terms of issue provide for a periodic remarketing process which could result in, amongst other outcomes, a step up of 2.5% margin in addition to the margin prevailing at the time of the remarketing. The next scheduled remarketing occurs in June 2016.
- *Hybrid preference on winding up*
  - As detailed in the Hybrid Prospectus, on the winding up of Elders each Holder will be issued a *Preference Share* and has a right to the *Debt Portion*. This or the notional entitlement to *Preference Shares* entitles each Holder, on the winding up of Elders to be paid after all creditors but in priority to Ordinary Shareholders an amount equal to $100 plus any unpaid Distributions in the last 12 months.

Elders 175 YEARS

Key Risk Factors

- **Risks associated with economic factors and regulatory changes**
  - Set out below are risks associated with investment in Elders and the New Shares. These risks may impact the financial performance and prospects of Elders and the demand for Elders securities.
- *Changes in economical and financial market conditions*
  - Movements in Australian and international stock markets, changes in interest rates, inflation and inflationary expectations and overall economic and political conditions may affect the demand for and price of the New Shares. Investors should be aware that there are risks associated with any investment in securities and that the prices of securities can go down as well as up.
- *Changes in laws and government policy*
  - Changes in government legislation and policy in those jurisdictions in which Elders operates, in particular changes to taxation laws, may affect the future earnings, asset values and the relative attractiveness of investing in Elders securities. In particular government and public focus on environmental sustainability could require Elders to incur material costs or otherwise adversely affect Elders' financial performance.
- *Changes in accounting standards*
  - Changes in accounting or financial reporting standards may adversely impact the financial performance reported by Elders.
- *ASX market volatility*
  - The ASX price of Elders' securities may fluctuate due to various factors including the Australian and international investment markets, international economic conditions, global geo political events and hostilities, investor perceptions and other factors that may affect Elders' financial performance and position.
- *Other external factors*
  - Other external factors which may impact on Elders' performance include changes or disruptions to political, regulatory, legal or economic conditions or to the national or international financial markets including as a result of terrorist attacks or war or insurrection.
- **Risks associated with the Offer**
- *Market risk*
  - The market price of Elders' shares may fluctuate due to various factors including those outlined above. The above factors are not an exhaustive list of the risks faced by Elders or by investors in Elders. The above factors, and others not specifically referred to, may in the future materially affect the financial performance of Elders and the value of the New Shares. The market price of the New Shares could trade on ASX at a price below their issue price.
  - No assurances can be given that the New Shares will trade at or above the offer price under the Offer. None of Elders, its Board or any other person guarantees the market performance of the New Shares.

Elders 175 YEARS

Key Risk Factors

- *Dilution risk*
  - If you do not take up all or part of the New Shares offered to you under the Offer, then your percentage shareholding in Elders will be diluted.
- *Dividends*
  - The payment of dividends by Elders is determined by the Elders Board from time to time at its discretion, dependent on the profitability, gearing position and cash flow of Elders' business. As outlined above, there is a restriction on the payment of dividends due to distributions no having been paid in respect of outstanding Hybrids. Any future dividends will be determined by the Elders' Board having regard to its operating results and financial position at the relevant time. There is no guarantee that any dividend will be paid by Elders or, if paid, that it will be paid at previous levels.
- *Taxation implications*
  - Any future changes in taxation laws, including changes in the interpretation or application of those laws by the court or taxation authorities may affect the taxation treatment of an investment in Elders' securities, or the holdings and disposal of those securities. As tax considerations may differ between security holders, prospective investors are encouraged to seek professional tax advice in connection with any investment in the New Shares
  - The ability of Elders to deduct prior year tax losses is restricted in particular by continuity of ownership (COT) and same business (SBT) tests. In general a listed company is entitled to a deduction for a prior year tax loss if total shareholdings with less than a 10% shareholding remain above 50% during the start of a loss year, end of an income year and when a corporate change occurs. However, if the required continuity of ownership is not maintained, the company may still be entitled to the deduction if it satisfies a same business test, determined by reference to the business the company carries on immediately before the change of ownership causing failure of the COT. No assurance can be given that COT will be satisfied in respect of Elders and, if not, that SBT will be satisfied. No assurance can therefore be given that Elders carry forward tax losses will be available for deductions.

Appendix

Elders 175 YEARS

1 Pro-forma balance sheet

$ million	As at 31 March 2014	Divestment of assets	Net proceeds of capital raising	Refinancing	Pro-forma Balance Sheet as at 31 March 2014
Current assets					
Cash and cash equivalents	6.0	(5.6)	54.0	(54.0)	0.4
Trade and other receivables	307.0	-			307.0
Livestock	31.4	-			31.4
Inventories	105.7	-			105.7
Non current asset classified as held for sale	99.0	(69.0)			29.9
Current tax asset	0.8	-			0.8
Total current assets	**549.9**	(74.6)	54.0	(54.0)	**475.2**
Non current assets					
Trade and other receivables	0.4	-			0.4
Investments	7.2	-			7.2
Property, plant and equipment	27.5	-			27.5
Intangibles	5.6	-			5.6
Deferred tax assets	12.0	-			12.0
Total non current assets	**52.8**	-	-	-	**52.8**
Total assets	**602.6**	(74.6)	54.0	(54.0)	**528.0**
Current liabilities					
Trade and other payables	243.0	-			243.0
Interest bearing liabilities	242.3	(43.7)		(59.6)	139.0
Provisions	38.0	(0.2)			37.8
Liabilities associated with assets held for sale	31.1	(31.1)			-
Total current liabilities	**554.4**	(75.0)	-	(59.6)	**419.8**
Non current liabilities					
Interest bearing liabilities	0.2	-		5.6	5.8
Deferred tax liabilities	1.7	-			1.7
Provisions	8.2	-			8.2
Total non current liabilities	**10.2**	-	-	5.6	**15.7**
Total liabilities	**564.6**	(75.0)	-	(54.0)	**435.6**
Net assets	**38.0**	0.4	54.0	-	**92.4**
Equity					
Issued capital	1,268.6	-	54.0		1,322.6
Hybrid equity	145.2	-			145.2
Reserves	(18.7)	(1.0)			(19.7)
Retained earnings	(1,360.4)	3.7			(1,356.7)
Parent interest in equity	**34.6**	2.7	54.0	-	**91.3**
Non-controlling interests	3.4	(2.3)			1.1
Total equity	**38.0**	0.4	54.0	-	**92.4**

Basis of Preparation

The Pro-forma Balance Sheet has been prepared for illustrative purposes only, to show the impact on the actual historical balance sheet as at 31 March 2014 of the following events as though they had occurred on 31 March 2014:

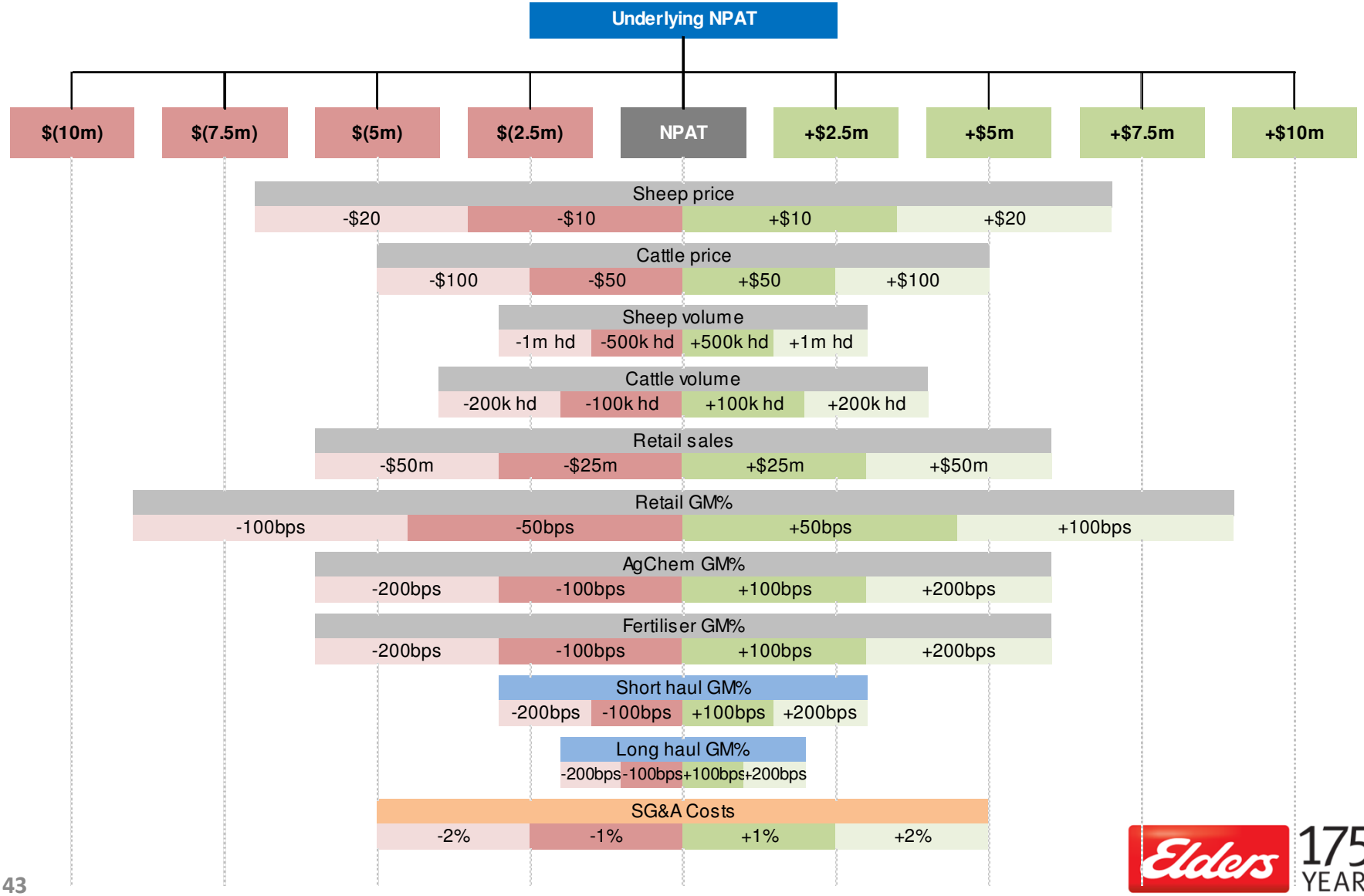
- Asset divestments for residual 10% interest in Elders Insurance, Charlton Feedlot, JSB (New Zealand wool trading business) and Elders Rural Holding (New Zealand network) have been completed;
- Gross underwritten proceeds from the Capital Raising of $57 million has been successful, less expected costs of $3 million; and
- Refinancing of the Company's debt facilities has been successfully completed.

At the date of this Presentation, Elders is undertaking a sale process for its investment in AWH (see slide 17). As this process is not completed, it has not been effected in the Pro-forma Balance Sheet.

The Pro-forma Balance Sheet is presented in abbreviated form and does not contain disclosures that are usually provided in a financial report prepared in accordance with the Corporations Act.

The Pro-forma Balance Sheet is not represented as being indicative of Elders' view of its future financial position. The Pro-forma Balance Sheet is presented based on the specific pro-forma adjustments and transactions, and does not take account of the financial performance, cash flows or other movements in balance sheet items of Elders for the period 31 March 2014 to the date of this Presentation.

2 Profit sensitivity



3 Debt refinance – Facility overview

Type	Limit	Drawn as at 31 March 2014 pro-forma	Undrawn	Term (months)
Working Capital Facilities				
Revolving working capital cash advance facility	$45m	$21m	$24m	36
Working capital liquidity facility	$15m	-	$15m	36
Farm Supplies debtor securitisation (Argo)	$183m	$114m	$69m	18
Argo pre-sale working capital facility	$15m	-	$15m	18
Elders International working capital multi option facility	$25m	-	$25m	12
Trading Bills facility	$15m	$10m	$5m	24
Transactional Banking facility	$10m O/D $15m intraday	-	$10m	12
Total working capital facilities	**$308m+ $15m intraday**	**$145m**	**$163m**	

Elders also has access to stand-by letters of credit and bank guarantees in the ordinary course of business. This facility limit of $60m will be transitioned to $30m within 3 months of completion of refinance.

Elders 175 YEARS