



Tandou Limited

Shareholder Presentation

3 May 2011

Sustainable Water Investor and Agribusiness



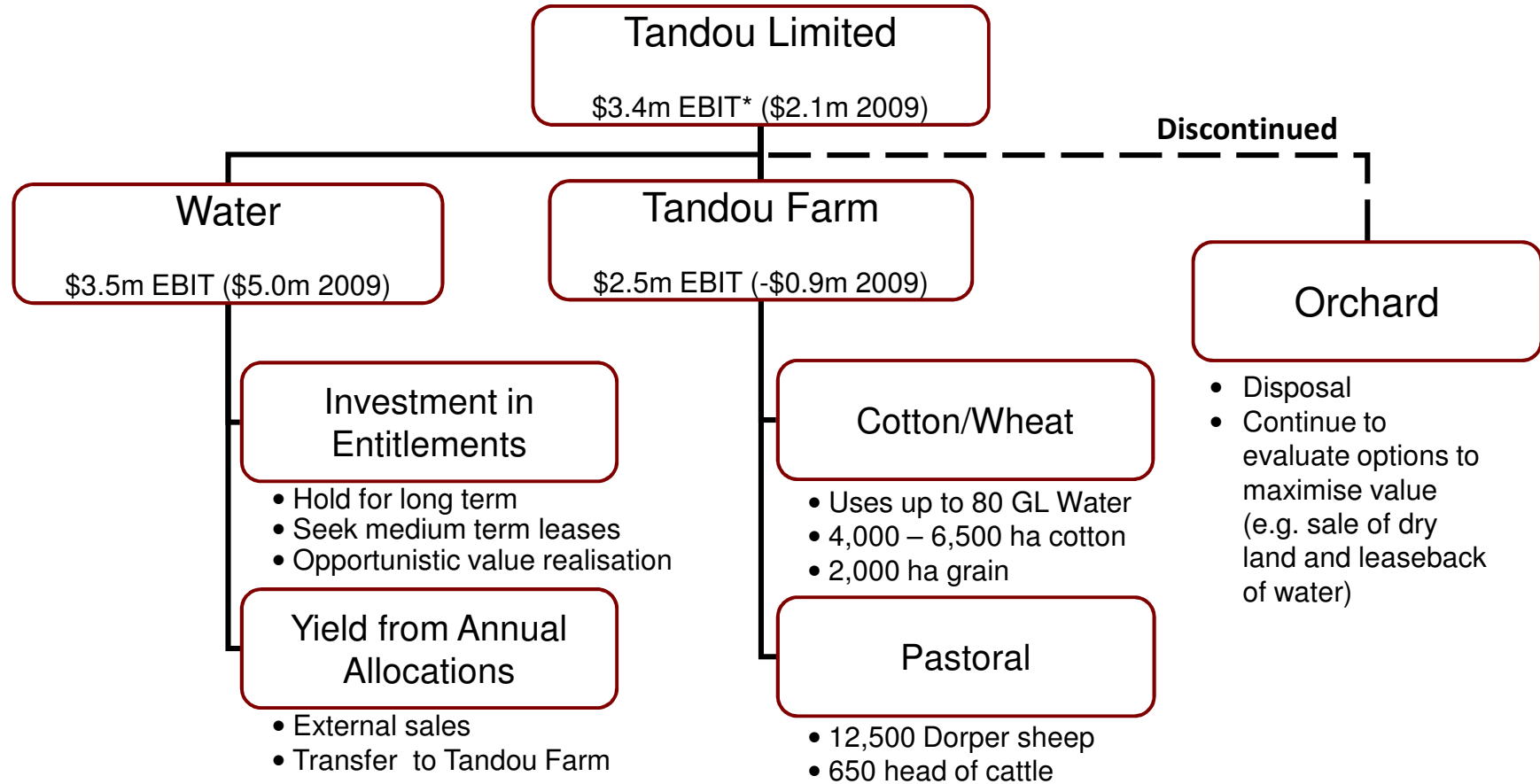
Tandou

- *maximising yield from water investment or cropping*
- *listed investment vehicle of choice for water investment in Australia*

- well positioned in the **water investment** sector with a large portfolio of entitlements and a number of years of profitable returns from the water business
- Tandou Farm is a valuable strategic asset
 - Provides the **option of cropping** when returns from selling allocations become less than those available from soft commodity production
- exposure to both **water** assets and **soft commodities (cotton and cereals)** in Australia



Operational structure



* EBIT from continuing operations. Includes unallocated corporate costs of \$2.6m (\$2.1m 2009)

Tandou Water

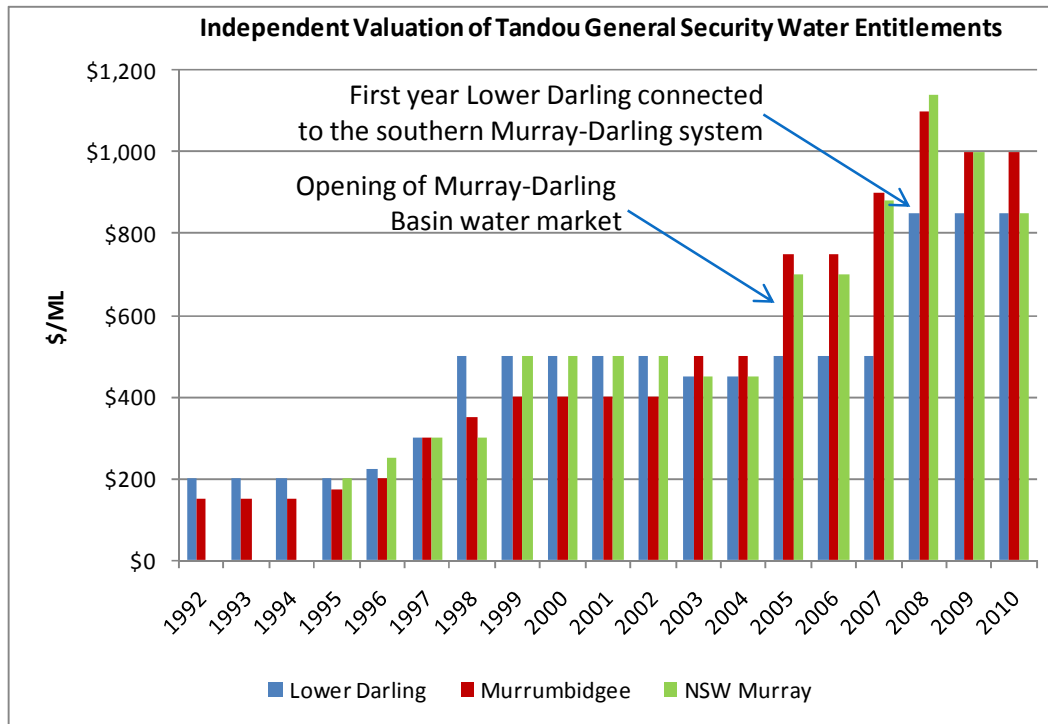
- Tandou is **growing** its strategic investment in water assets adding to a significant, diversified portfolio of entitlements held on the connected southern Murray-Darling System
- Tandou owns ~38 gigalitres (2009: 32 gigalitres) with a directors' valuation (based on market prices) of **\$37.7 million – 43 cents per share**
- Water investment strategy focussed on:
 - Entitlements with more acute supply and demand factors compared to the wider entitlement pool
 - Quality of entitlement by assessing allocation history, outlook, carryover capacity and potential step changes in demand
- Tandou is well placed to **identify value buy opportunities** that arise for Water entitlements

Connected MDB Trading Areas



Data sources: Water trading zones generated by ABARE-BRS from documents provided by the Murray-Darling Basin Authority, NSW Office of Water, Murray Irrigation Limited, Vic. Department of Sustainability and Environment and SA Department for Water. Topographic data: Geoscience Australia (2002-08). Map produced by ABARE-BRS © Commonwealth of Australia.

Tandou Water – Capital Growth



Average growth across General Security portfolio since 2005 – 6.7% pa

Lower Darling not part of the connected southern Murray-Darling system until mid-2008

- growth since 2007 – 21.6% pa

Tandou independent annual Water entitlement values over 20 years

Note: Prior to 2005, valuations as at 30 June. From 2005 onwards, valuations are as at 31 December. Previous year's valuation carried over in years when a valuation was not undertaken.

Tandou Water -2011 Activity

Allocations

- Wettest summer on record – Tandou Farm water usage of only 25GL versus planned usage of 50GL
- Tandou has approximately 30GL of water to carryover into next water year (July)
- Currently plan to carryover in Menindee however Menindee system is close to capacity and a spill at Menindee means some or all carryover may be lost
- Successful carryover means little water will be purchased for the 2012 cotton crop

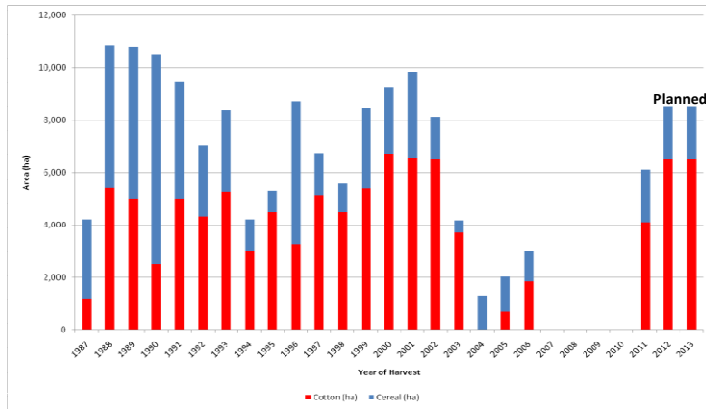
Tandou Water - 2011 Activity

Entitlements

- Participated in the Commonwealth Water Purchase Program (Nov 2010, Feb 2011 and March 2011) and had acceptances for a number of these Tenders
- Due diligence and contract preparation will be undertaken over the next few months, but there is no guarantee that the accepted Tenders will complete
- In ongoing and incomplete contract negotiations with multiple parties to replace the water volume subject to Commonwealth Tender
- Advised that Tandou has been successful in a tender for approx 10,000ML of NSW Murrumbidgee high and general security water (value ~\$12.5 million) with contracts currently in negotiation (no guarantee of completion)

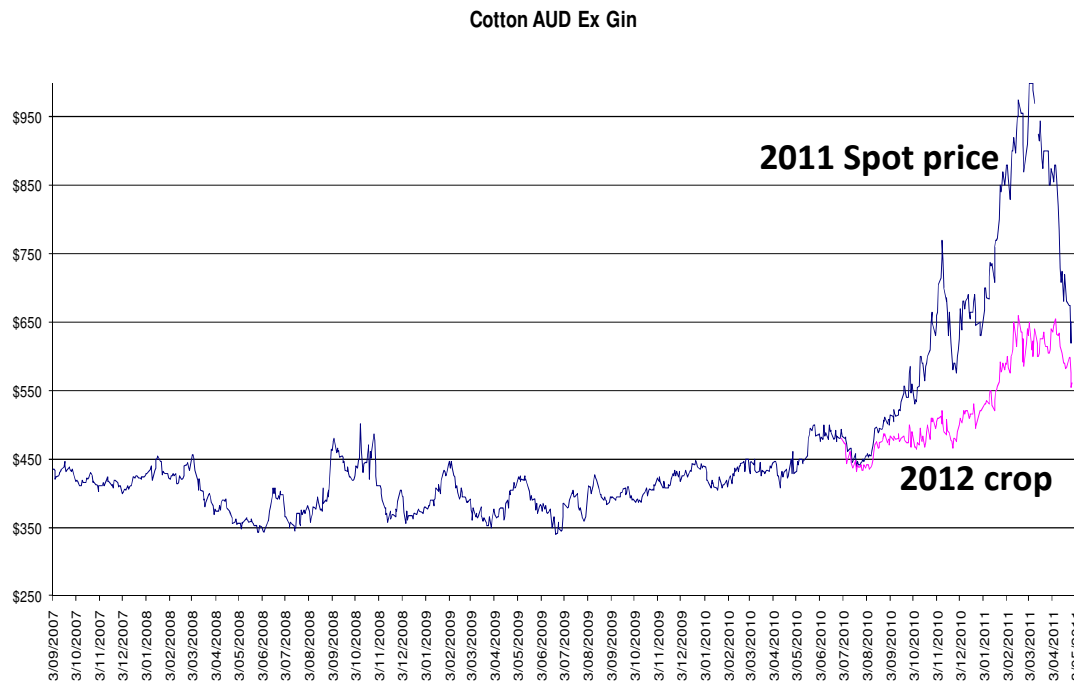
Tandou Farm

Cotton and Cereal Planting Area (ha)



- Tandou Farm successfully established **4,000ha** of cotton in Oct 2010 being 3,570ha of Upland and 430ha of Pima
- Above average rainfall and floods have not assisted crop to reach maximum potential but should still achieve budgeted yields.
- Preparing for **2,300ha of cereal** (winter 2011) and **6,500ha of cotton in 2012** (summer 2011/12)
- Prime Lamb production based on 12,500 Dorper ewes

Cotton Prices 2007 - 2011



KEY MARKET FACTORS:

- Tight global inventories (stocks-to-use ratio lowest since 93/94)
- Pakistan floods, Indian export controls and China drought
- Resurgence in demand from Chinese mills
- Volatility likely to continue until Northern hemisphere production becomes known in late 2011/early 2012

Tandou Farm 2011 Activity

- Cotton harvest is due to commence on Friday 6 May and weather forecast is currently favourable
- The conditions with warm weather over the last few weeks has dried out the farm enabling the crop to defoliate
- Work on the 6500ha area for the 2012 crop is well advanced
- Cereal will be planted on the fields used for the 2011 crop - an area of 2300ha is planned which will increase if favourable weather conditions permit
- Agreement has been reached to lease additional land adjacent to the Keewong leased property to increase the dorper ewes to 12,500 for prime lamb production.



Tandou Outlook

Strategic Objectives:

- Aim to be largest water entitlement holder in connected southern Murray-Darling System
 - Accumulate water entitlements in specific valleys for yield from annual allocations and long term growth in capital value
- Take advantage of optionality of Tandou Farm generating soft commodity crops when water is available & allocation prices lower
 - 4,000ha 2011 cotton crop to be harvested in May (total crop forward sold at \$494/bale for Upland and \$715/bale for Pima)
 - Continue preparations for 6,500ha's 2012 cotton crop (61% sold) and 2,300ha cereal 2011 winter crop
 - Sufficient visibility of water availability to begin forward sales of 2013 cotton
- Build shareholder value with sustainable profits, cash flow and capital growth