



18 January 2010

Dear Shareholder

## **IGNORE GPG'S LETTER OF 14 JANUARY 2010 GPG is attempting to take control of Tandou on the cheap!**

On 14 January 2010, Guinness Peat Group (Australia) Pty Ltd (**GPG**) sent a letter (**GPG Letter**) to all Tandou shareholders stating that its Proportional Offer of 30 cents per share for up to 50% of each shareholder's shares in Tandou (**GPG Offer**) will close at 7pm (Sydney time) on 15 February 2010, approximately four weeks from now.

The GPG Letter is a blatant attempt to take control of Tandou on the cheap. Don't fall for it!

1. The GPG Offer is poorly structured in that it is not a full offer (i.e. each shareholder can only sell up to 50% of their shares). In addition, the GPG Offer is NOT being made at a fair price. Why sell any Tandou shares to GPG at 30 cents when the market price at time of writing is 34.5 cents and the Target's Statement sets out the Tandou Directors' value derived from expert valuations of Tandou's primary assets, of 64-68 cents per share;
2. To evidence what Tandou shareholders think of GPG's opportunistic offer, less than 1% acceptances have been obtained over the past 3.5 months since the GPG Offer has been open. Tandou's largest shareholder, Volcot Holdings Ag, with 30.59% of Tandou shares has advised the Tandou Board it will NOT ACCEPT the GPG Offer.
3. GPG has not clearly articulated, if it were to gain control of Tandou, how and over what time frame it may increase the value of Tandou shares;
4. Tandou's Board and management are taking active steps to build shareholder value in line with the company's strategy outlined in the Target's Statement. To this end, in the past six weeks, Tandou has:
  - executed contracts for the sale of its non-core Nexteq business. The proceeds received will be reinvested in strategic/growth assets in line with strategy;
  - added to its valuable portfolio of strategically attractive water assets through the purchase of 3,091 megalitres of Victorian High Reliability Water Entitlements for \$5.6m;
  - been advised by the NSW Water Commissioner on 15 January 2010 of an increase in Tandou's Lower Darling general security allocations from 25% to 100%, following the recent volumes of water generated by the floods in northern NSW over Christmas/New

Year. This increase in allocations to approximately 19,000 megalitres is great news for Tandou as it substantially enhances the company's asset base and provides greater flexibility to extract value through either cropping or trading allocations, whichever generates more value for Tandou shareholders.

In the Target's Statement dated 20 October 2009, the Directors of Tandou unanimously recommended that you reject the GPG Offer. The Directors continue to maintain this position.

The Board therefore recommends that Tandou shareholders **IGNORE THE GPG LETTER** and **TAKE NO ACTION**.

**DO NOT ACCEPT** the GPG Offer.

Yours sincerely



Guy Kingwill  
**CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR**  
**PH. 03 5018 6500**

**TANDOU LIMITED**  
ABN 81 001 014 562

***About Tandou Limited:***

*Tandou is a modern Australian agribusiness that owns and operates large scale irrigated cropping, horticultural and pastoral operations. Established in 1972 Tandou's land holdings cover nearly 85,000 hectares near Menindee NSW, 250 km north of its Mildura corporate office. Over time Tandou has invested in water entitlements and currently owns over 33 gicalitres strategically held across various river systems in the Murray Darling Basin. Tandou combines traditional knowledge with the latest technological advancements throughout its enterprises to minimise risk and produce high value returns. It is a major producer of irrigated cotton and durum wheat, along with stone fruit, wine grapes, citrus and organic lamb. Tandou also provides management and development services.*