

CSR Limited

Trinity 3 39 Delhi Road
North Ryde NSW 2113
Australia
T +612 9235 8000
F +612 8362 9013
E-mail investorrelations@csr.com.au
www.csr.com.au
ABN 90 000 001 276

Agreement to sell Sucrogen for A\$1.75 billion to Wilmar International Limited

- **Enterprise Valuation of A\$1.75 billion delivers significant value to CSR shareholders**
- **Achieves strategic separation of CSR's very different operating businesses**
- **CSR board considering capital management options**

CSR Limited announced today that it has agreed to sell its Sugar and Renewable Energy business, Sucrogen, to Wilmar International Limited ("Wilmar") for an enterprise value of A\$1.75 billion (excluding minority interests).

CSR Chairman, Dr Ian Blackburne said: "the sale of Sucrogen to Wilmar achieves CSR's objective of separating its two very different operating businesses.

"We have been working towards this objective for some time and having explored a number of strategic alternatives, the Board believes a sale to Wilmar is in the best interests of shareholders and stakeholders in CSR."

CSR Managing Director, Jeremy Sutcliffe, said "the sale price of A\$1.75 billion is an attractive valuation and will deliver significant value to CSR shareholders.

"Wilmar is one of the region's largest listed agribusinesses, with a market capitalisation of approximately A\$31 billion. The sale will enable Sucrogen to develop its globally cost competitive position in raw sugar milling, together with its market leading positions in refining and renewable energy, as part of a world-leading agri-business group."

"Following the sale, CSR can focus on growing its building products business, which already has significant leverage to the Australia/New Zealand residential and commercial construction industries, combined with a strategic investment in a globally cost competitive aluminium smelter."

Terms of sale

The sale is subject to the following conditions:

- Foreign Investment Review Board approval;
- Overseas Investment Office (NZ) approval; and
- Other customary sale conditions.

The sale is expected to complete by (or before) the last quarter of 2010. The ultimate consideration paid will include an adjustment to reflect Sucrogen's indebtedness to CSR at closing. A summary of the key terms of the Sale and Purchase Agreement is contained in Appendix A. At closing CSR will also enter into the usual separation agreements with Wilmar, including a Transition Services Agreement, to facilitate the orderly transfer of Sucrogen.



CSR Limited

Triniti 3 39 Delhi Road
North Ryde NSW 2113
Australia
T +612 9235 8000
F +612 8362 9013
E-mail investorrelations@csr.com.au
www.csr.com.au
ABN 90 000 001 276

Capital management options

Net proceeds from the sale will depend on CSR's capital gains tax liability from the sale, transaction costs and other sale adjustments, but are expected to be approximately A\$1.6 billion.

CSR is evaluating a range of capital management options to utilise these proceeds efficiently. CSR will also review a variety of strategic opportunities over the coming months and capital management decisions will be made following this review. In evaluating these options, CSR continues to accept its responsibilities with respect to its asbestos liabilities and will maintain a responsible capital structure to support its future obligations.

Demerger

Pursuant to the share sale agreement between CSR and Wilmar, CSR has agreed to defer implementation of its demerger of Sucrogen until 31 December 2010. If for any reason the sale cannot be completed, CSR may seek to proceed with a form of demerger.

CSR post sale

Post sale, CSR will be a focused building products company with a strategic investment in a globally cost competitive aluminium smelter.

CSR maintains a portfolio of Australia/New Zealand's market-leading brands and extensive channels to market, supported by a strong manufacturing base which has been strengthened through the recent capital reinvestment programme.

The business will have a robust capital position, which is complemented by the strong cashflows generated by its investment in the Tomago aluminium smelter and sales from its property development portfolio.

In anticipating the potential separation, CSR has already appointed a strong management team, headed by Rob Sindel, CEO, CSR Building Products who has over 20 years' experience in the building and construction industries through senior executive roles at Hanson and CSR.

Mr Sindel will be appointed Managing Director and join the board of CSR Ltd, replacing interim Managing Director, Mr Sutcliffe on or shortly after the completion of the sale of Sucrogen. Mr Sutcliffe will then revert to his former role as a non-executive director of CSR.

Sucrogen operations

Until completion, Sucrogen will continue its operations in the ordinary course, subject to agreed arrangements with Wilmar. Wilmar does not anticipate any significant changes in the short term to Sucrogen's management and operations (including its milling and refining assets and its export contract with Queensland Sugar Limited). Post completion, Wilmar intends to work with Sucrogen's existing management to enhance the Australian and New Zealand operations and to pursue Asian growth opportunities.



CSR Limited

Triniti 3 39 Delhi Road
North Ryde NSW 2113
Australia
T +612 9235 8000
F +612 8362 9013
E-mail investorrelations@csr.com.au
www.csr.com.au
ABN 90 000 001 276

5 July 2010**Media/analyst enquiries:**

Martin Cole, CSR Investor Relations

Tel: (02) 9235 8053

Wilmar description

Wilmar, founded in 1991, is today Asia's leading agribusiness group. It ranks amongst the largest listed companies by market capitalisation on the Singapore Exchange.

Its business activities include oil palm cultivation, edible oils refining, oilseeds crushing, consumer pack edible oils processing and merchandising, specialty fats, oleochemicals and biodiesel manufacturing, and grains processing and merchandising. Headquartered in Singapore, its operations are located in more than 20 countries across four continents, with a primary focus on Indonesia, Malaysia, China, India and Europe. Backed by a multi-national staff force of more than 80,000 people, over 300 processing plants and an extensive distribution network, its products are sold to more than 50 countries.

CSR Limited

Triniti 3 39 Delhi Road
North Ryde NSW 2113
Australia
T +612 9235 8000
F +612 8362 9013
E-mail investorrelations@csr.com.au
www.csr.com.au
ABN 90 000 001 276

Appendix A
Summary of key terms of the Share Sale Agreement

1 Purchase

The Agreement provides for the purchase of all of the shares in Sucrogen from the Seller by the Buyer with a guarantee of the Buyer's obligations by the Buyer's Guarantor.

2 Purchase Price

The purchase price for the Sucrogen shares is \$1.347 billion. In addition to the payment of the purchase price, the Buyer must procure that the Transaction Entities repay the indebtedness owing by the Transaction Entities to the Seller Group at Completion (subject to certain agreed exclusions). As at 31 March 2010, the indebtedness owed by the Transaction Entities to the Seller Group was approximately \$425 million, with A\$22 million of cash and cash equivalents on Transaction Entities balance sheet.

3 Conditions for Completion

The Agreement does not become binding on the parties until the following conditions have been satisfied (or waived):

- (a) **Foreign Investment Review Board approval:** the Buyer has received a written notice from the Treasurer of the Commonwealth of Australia stating the Commonwealth Government does not object to the transactions contemplated by the Agreement, either unconditionally or on terms that are acceptable to the Buyer (acting reasonably); and
- (b) **Overseas Investment Office approval:** the Buyer has received all approvals, consents and authorisations as required to complete the transactions contemplated by the Agreement from OIO; and
- (c) **Third party consents:** receipt of certain third party consents.

Either party may terminate the Agreement before Completion if the conditions above are not satisfied, or waived, by 31 December 2010, or the conditions become incapable of satisfaction or that the parties agree that the conditions precedent cannot be satisfied.

4 Termination rights

- (a) The Seller may terminate the Agreement by notice in writing to the Buyer if an Insolvency Event occurs in relation to the Buyer or the Buyer's Guarantor:
- (b) The Buyer may terminate the Agreement if:

CSR Limited

Trinity 3 39 Delhi Road
North Ryde NSW 2113
Australia
T +612 9235 8000
F +612 8362 9013
E-mail investorrelations@csr.com.au
www.csr.com.au
ABN 90 000 001 276

- (1) an Insolvency Event occurs in relation to a material Transaction Entity; or
- (2) there is a material adverse change in the business of the Transaction Entities (taken as a whole), defined in terms of a reduction or expected reduction in the enterprise value of the Transaction Entities (taken as a whole) of 15% or more (excluding the impact of world sugar prices, currency exchange rate changes, changes in general economic conditions of other factors affecting industry participants in a similar manner).

5 Other terms

- (a) The Agreement contains negotiated warranties and indemnities which are subject to claim thresholds and limitations, together with other provisions in accordance with usual market practice.
- (b) Further separation and transitional services agreements are proposed to be entered into prior to Completion.

6 Defined terms

Buyer Wilmar Australia Pty Limited ACN 144 973 115.

Buyer's Guarantor Wilmar International Limited.

Completion completion of the sale and purchase of the Sucrogen shares.

Insolvency Event

- 1 an order is made or an effective resolution is passed for the winding up or dissolution without winding up (otherwise than for the purposes of reconstruction or amalgamation);
- 2 a receiver, receiver and manager, judicial manager, liquidator, administrator or like official is appointed over the whole or a substantial part of the undertaking or property; or
- 3 a holder of an encumbrance takes possession of the whole or any substantial part of the undertaking and property.

Seller CSR Limited ACN 000 001 276.

Seller Group the Seller and each of its Related Bodies Corporate (other than the Transaction Entities)

CSR Limited

Triniti 3 39 Delhi Road
North Ryde NSW 2113
Australia
T +612 9235 8000
F +612 8362 9013
E-mail investorrelations@csr.com.au
www.csr.com.au
ABN 90 000 001 276

Sucrogen Sucrogen Limited (ABN 47 098 999 985).

**Transaction
Entities** Sucrogen and each of its subsidiaries.
