

PRESS RELEASE

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GRAINFARMERS BUYS OUT £2.4M HONEY POT GRAIN

Grainfarmers plc has had its recommended cash offer to buy-out the minority shareholders of Honey Pot Grain Limited accepted and become unconditional in all respects. The deal, which follows Grainfarmers previous acquisition of 30,000 tonnes of storage capacity in the central store, values the assets of the business at circa £2.4m and is part of Grainfarmers long-term commitment to growing its arable business.

The deal, which was fully backed by all the farmer directors of Honey Pot Grain Limited, will simplify the original and relatively complex ownership structure, securing the future of Honey Pot Lane as a key part of Grainfarmers national strategy to meet the increasing demand for central storage.

Commenting on the offer, Tim Pollock, Managing Director of Grainfarmers said:

“Our acquisition of the minority shareholders interests in the business has enabled us to ensure that Members and farmer customers can continue to enjoy very competitive drying, storage and marketing services at the Store, whilst saving circa £30,000 per annum on statutory costs.

“Growers are increasingly recognising the benefits offered by central storage. Significant overhead cost savings and ease of marketing compared to on-farm storage has meant that many growers are now cutting back on their farm labour and increasing their use of contractors, central storage solves the management problems associated with on-farm stored grain quality rejections and vehicle outloading”.

Allenby Stevenson, Chairman of Honey Pot Grain Limited, said:

“The Board unanimously recommended that Members accept the Grainfarmers offer which we considered to be full and fair. Members will not only benefit from releasing their equity capital currently tied up in their committed storage space but will also continue to enjoy very competitive drying and storage charges as well as excellent marketing returns from the Grainfarmers Honey Pot Grain Long Pools”.

Grainfarmers’ operating headquarters and its new £1.75m 20,000 tonne capacity seed plant opened in January 2005 adjoin the central storage facilities at Honey Pot Lane.

-Ends-

Notes to editors:

- Honey Pot Grain Limited operates a 45,000 tonne capacity central drying and storage facility at Colsterworth, Grantham on behalf of 52 grower members in Lincolnshire, Leicestershire, Rutland and Nottinghamshire.

- Grainfarmers acquired 30,000 tonnes of storage capacity in the business in 2002 and uses this capacity to service the storage and drying needs of its farmer shareholders who are based in the region.

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