



NEWS RELEASE 4 JUNE 2003

## **State Development Fund lists on the Bendigo Stock Exchange**

A new Pooled Development Fund today listed on the Bendigo Stock Exchange.

The Victorian State Development Fund Limited (SDF) has raised \$5.63 million from its current subscribers and will involve 27,684,000 ordinary fully paid shares.

SDF Directors John Nissen, Peter King and Michael McDonald provided access to the first two of the company's investee companies: Auspep Pty Ltd "Auspep" (90 per cent owned), and Australian Regional Airports Limited "ARA" (69 per cent owned).

Auspep is the largest Australian-owned manufacturer of synthetic peptides that are essential parts of proteins used in the development of drugs.

Together with the Burnie City Council, ARA is the joint owner of the Burnie-Wynyard Airport and the adjoining industrial park. ARA intends to acquire and/or manage other regional "gateway" airports as they become available. One of Australia's leading airport consultants Rod Sullivan is also a shareholder and director of ARA through Airport Consulting Pty Limited.

State Development Fund CEO, Dr Robert Payne, and the board will form a hands-on investment group to develop existing assets and to identify other growth opportunities.

The board supports the concept of the Commonwealth Government's *Pooled Development Funds Act 1992* which encourages access to development capital in order to foster the growth of Australian small businesses. The SDF will seek to expand Auspep and ARA, and to invest in other small companies that are both well managed and that have strong growth potential.

In keeping with the Pooled Investment concept, the SDF intends to offer patient capital and strategic advice to investee companies. At the appropriate time, each investee company will be offered for sale (either in whole or in part) to the market. Proceeds from each listing will be used to return tax free capital to shareholders and/or to purchase other emerging companies.

Investors in Pooled Development Funds enjoy tax concessions including an exemption from income and capital gains tax on the sale of their shares, and in many cases the treatment of dividends as exempt income or in other cases as fully franked income.

The directors of SDF appreciate the welcome they have received from the Bendigo Stock Exchange (BSX), and in particular the Bendigo Bank with whom they are currently exploring other expansion opportunities.

Mr Rob Hunt, Managing Director of the Bendigo Bank, said today:

*“This is a further small but important step in attracting investment back to small to medium enterprises (SMEs) in regional Australia.*

*“Development in regional Australia has been stifled by the lack of an efficient way to provide small investments of capital to the SME sector—and, as we are aware, the SME sector can be the engine room for innovation, creation and employment into the future (particularly in the regions).*

*“SDF’s listing continues innovative work being done by Bendigo Bank and others in recent years to redress this situation.*

*“If only five per cent of collective investment pools was able to be attracted back into regional Australia, a substantial change could be effected.*

*“BSX is now providing one mechanism to enable this process and encourage businesses and regions to be ‘investor ready’ and give investors the confidence to fund worthwhile regional proposals.”*

Mr Frank Dunphy, Managing Director of the Bendigo Stock Exchange, said today:

*“BSX welcomes SDF to the BSX Board. The BSX SME Board has been specifically developed to meet the needs of a company like SDF.*

*“BSX looks forward to building a strong partnership with SDF in fulfilling its business plans. The listing of SDF with BSX will enable a wider range of investors to access this type of investment.”*

In welcoming the listing, the chairman of SDF Sir Laurence Muir, said today:

*“The Directors of SDF propose to further expand the company’s capital base by raising additional equity funds in the near future.*

*“The funds will be used to foster the expansion of Auspep and ARA and to acquire other suitable investee companies. To this end discussions are underway with leading financial institutions . Our two existing investee companies are performing well.”*

## **FURTHER COMMENT**

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End of Press Release  
**Backgrounder to the Press Release**

***The Investments***

Auspep manufactures peptides for use in both medical and veterinary research and in the pharmaceutical industry. Auspep is about to construct a new manufacturing facility, which will apply for Good Manufacturing Practice (GMP) certification from the Therapeutic Goods Association, the Australian regulatory body. Once this facility has achieved GMP status, Auspep will become one of Australia's premier manufacturers of clinical grade peptides. This facility and approval is expected to be completed by first quarter 2004.

Australian Regional Airports currently has a contract to provide services to the Burnie Wynyard regional airport in North-West Tasmania. Revenue is generated from passenger and freight levies, landing charges and property management and development. The Burnie Wynyard Airport comprises approximately 223 hectares of land, all of which was rezoned for industrial use after ARA acquired its interest. Approximately 70 hectares of land was designated for immediate industrial investment

The first industrial development has been undertaken by Vestas Wind Systems "Vestas", a major Danish manufacturer of wind turbines, which is constructing a \$15million nacelle assembly plant. Vestas is also expected to locate a \$50million blade manufacturing plant on the same site. These two developments will directly employ up to 150 people and also attract ancillary and other industries to the estate.

ARA has plans to broaden its role in the management and development of regional airports across Australia. A number of gateway airports are presently under consideration. Most of these, because of the high incidence of passengers, are genuine local community assets providing an important essential service. These airports are surrounded by valuable, although to date underdeveloped, real estate."

***The Board and Management***

The chairman of SDF is veteran company director Sir Laurence Muir. He is a director of Publishing and Broadcasting Ltd (PBL) and a former director of the ANZ Banking Group Ltd, Alcoa of Australia Ltd, Herald and Weekly Times Ltd, Australian Consolidated Industries Ltd, Hudson Conway Ltd, Air Liquide Ltd and other companies. He was for some years chairman of Templeton Global Growth Fund Ltd.

Sir Laurence's recent centenary medal citation was for "outstanding service to the business, financial and research communities". He was a leading underwriter and corporate financier in the halcyon days of Ian Potter and Company (later Potter Partners). As patron of the Baker Medical Research Institute, the Micro Surgery Research Institute (The Bernard O'Brien Institute) and Earthwatch Institute he maintains a close connection with medical and environmental research in this country.

Deputy chairman is Adelaide stockbroker and former politician Legh Davis. Mr Davis is an experienced investment advisor and a former state president of the Securities Institute of Australia.

The company's Chief Executive Officer is Dr Robert Payne. Dr Payne has spent most of his professional career developing markets for technological products in Australia, Europe and the USA. Harvard educated, Dr Payne returned to Australia in 1994 to specialise in developing small business. Prior to his present appointment he was a consultant to a group of stockbrokers and large legal firm advising on public listings, capital raisings and private placements.

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End of Backgrounder to Press Release