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**METCASH TRADING LIMITED ACQUIRES STRATEGIC
STAKE IN AUSTRALIA'S LARGEST INDEPENDENT RETAIL CHAIN**

Leading independent grocery and liquor distributor, Metcash Limited announced today that it had reached in-principle agreement with Australia's largest independent licensed supermarket group, Ritchies Stores Pty Ltd (Ritchies IGA) and a majority of its shareholders to acquire a 26 per cent equity stake in Ritchies IGA from July 2005. It is envisaged that the acquisition will be funded from Metcash's existing cash resources.

Ritchies IGA operates 38 supermarkets in Victoria and NSW, trading as Ritchies Supa IGA, and management of the group will remain with the existing team while Metcash representatives will join the Board.

The CEO of Metcash, Mr Andrew Reitzer, said "The acquisition of 26 per cent of Ritchies IGA will enable both of our companies to benefit as a consequence of a closer alignment of business interests and strategy.

"In addition, the investment will facilitate the longer term retention of Ritchies as a key customer of IGA>D, (Metcash's grocery distribution business) and provide funding to enable Ritchies to grow and expand. Our objective is to ensure the long-term viability of the independent grocery business in Australia. In partnering with key IGA retailers such as Ritchies, we are working to secure the market share of independent grocers, constantly under pressure from the chains. This will benefit **all** stakeholders in the independent sector," added Mr Reitzer.

Mr Fred Harrison, the CEO of Ritchies, said "this is an important day for Ritchies IGA. The Metcash investment signifies the value of our relationship and the high standing that Ritchies IGA enjoys in the retail community. Ritchies Stores, established in 1870, has grown from a single store to 38 stores today, including 4 stores recently acquired in NSW. Our partnership with Metcash has enabled us to grow whilst competing effectively with the two chains. This new level of our relationship will help us achieve our growth objectives of an additional 25 supermarkets over the next five years."

Mr Reitzer said that the Ritchies investment is an important step in the Metcash plan to implement strategic relationships with the company's customers. Alignment arrangements are being concluded with other major IGA retailers.

"Metcash is committed to championing the independent retailer and will continue to invest in these partnerships (both large and small) with the capital necessary to enhance the independent offer to consumers and thus protect the independent grocery sector," he added.

Mr Reitzer added "the relationships will be mutually beneficial and demonstrate the faith that we, our customers and their customers have in the IGA brand."

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