

Cattle stations to go for \$100m

Matthew Cranston

Australia's cattle station market is charging back to life with a shortlist of bidders, including billionaire Brett Blundy, likely to send the price of two huge properties owned by one of the country's biggest beef producers, the Oxenford family's Western Grazing Company, to well over \$100 million.

Record breaking prices for cattle, strong interest from China and low interest rates have helped reboot depressed rural property values that have been weakened by debt and drought. While attention has been placed on S. Kidman & Co's properties other significant deals are taking place in the background.

Western Grazing quietly decided late last year to offer two properties for sale covering 1.6 million hectares comprising Rocklands Station at Camooweal on the Barkly Tableland in north west Queensland and Tanbar Station in the Cooper Creek Channels, in the south west of the state.

Ben Cameron of Bentleys International Advisory was appointed to advise Western Grazing directors through a confidential sale process.

"We are midway through the sale process with a shortlist of 11 potential purchasers moving into the due diligence phase of the process," Mr Cameron said in a statement to *The Australian Financial Review*.

"We received 16 non-binding indicative bids on 15th December from which the directors have chosen the shortlist".

Mr Cameron refused to provide



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details of the shortlist but well placed industry sources said billionaire Brett Blundy, who last year snapped up Macquarie Group's Walhallow station in a record \$100 million deal, was bidding on the Western Grazing properties. Mr Blundy did not return calls.

The two Western Grazing properties have a combined carrying capacity of circa 65,000 head of cattle in normal seasons. The Oxenford family snapped up Tanbar station from the Menegazzo family's Stanbroke for close to \$50 million in 2004. The property adjoins Morestone Downs, which was one four properties the late Brian Oxenford

acquired from Britain's Vestey family.

Also in 2004, but in a separate transaction, Mr Oxenford purchased Rocklands from Stanbroke. A sale price was not disclosed but both Rocklands and another property known as Barkly Downs were reportedly purchased by Mr Oxenford and the Acton Land and Cattle Co respectively, for a total \$107 million.

Earlier that year the late cattle tycoon Peter Menegazzo bought out his partners who participated in the purchase of Stanbroke from AMP. The partners included fast-food businessman Jack Cowin and Queensland grazier Peter

Hughes. The buyout deal placed a \$680 million enterprise value on Stanbroke. Such heated cattle station activity is once again being witnessed in Australia's market, triggered last year by a run of Chinese backed acquisitions including Chinese billionaire Xingfa Ma's purchase of Wollogorang and Wentworth stations for \$47 million and the Fucheng Group's purchase of London-listed M.P. Evans' Woodlands for \$28 million.

Depending on the north's wet season Bentleys expects the due diligence process and a completed transaction to be achieved in late April or early May.

DomaCom looks past S. Kidman

Matthew Cranston

DomaCom, the property crowd funding group that had hoped to buy Australia's largest landholder S. Kidman and list as a public company will now use the \$58 million pledged to buy the iconic cattle station company to buy other farms across Australia.

DomaCom launched a \$250 million crowd-funding campaign to buy the iconic pastoral empire S Kidman last year. The pitch targeted investors wanting to keep the Kidman station Australian-owned.

As many as 4000 investors have registered interest. DomaCom has not completely given up and could attract the support of other potential bidders, such as transport magnate Lindsay Fox.

"We know Kidman is a long shot but it's not just Kidman," DomaCom founder Arthur Naoumidis said.

"Kidman is a poster boy but there is a shortage of money for agriculture across Australia."

DomaCom now has five opportunities that it is in advanced discussions on, including beef-cattle properties, dairies and a sheep-grazing property with locations spread as far as Queensland, NSW and Victoria.

"We are actually getting a lot of support, not just for Kidman but the other opportunities," Mr Naoumidis said. "We think it could be the beginning of a new funding mechanism in Australia."

"And we do get a lot of investors saying they want the assets to stay in Australia."

Separate to the money it has raised for S. Kidman, DomaCom is looking to publicly list in the third quarter this year. It has raised \$19 million from 190 sophisticated and professional investors to do this.

"We have acquired already our first 11 residential properties with another 54 property residential acquisitions in progress. This should bring our total number of properties on the platform to 65, with a market valuation of about \$40 million."

The \$8 million pre-IPO capital raising was managed by Sydney corporate advisory firm Axstra Capital along with joint lead manager Pulse Markets.

Axstra managing corporate adviser Daniel Coombes said, "The strong support received from investors is testament to the potential of DomaCom and the truly innovative pipeline of financial products it has and is developing."

Victorian farmers see off foreign funds in \$30m deal

Larry Schlesinger

In a major coup, a syndicate of Victorian farmers has beaten offshore corporate heavyweights to secure a 5200-hectare cropping and grazing portfolio in the Western District for close to \$30 million.

The Demeter Farming Australia portfolio - comprising 10 properties located between Skipton, Beaufort and Ararat - was put up for sale by British-based alternative investment manager Altima Partners LLP, which has about \$1.4 billion in assets under management.

The portfolio was acquired off-market by local Western District farmers, who banded together to see off

foreign funds. Each farmer has taken ownership of one of the properties in the portfolio, which range in size from just 94 hectares to the biggest property, Bangaal South, which is more than 1400 hectares. The deal comes as big offshore funds look to acquire large-scale Australian rural assets to secure future food supply.

At the same time, there is greater scrutiny of such deals, as seen in the decision to block the sale of S. Kidman & Co cattle stations to a Chinese buyer and the introduction, last year, of new foreign investment rules, which require that agricultural land purchases of \$15 million or more be subject to Foreign Investment Review Board

(FIRB) scrutiny and approval, down from the previous threshold of \$252 million. The acquisition of the Demeter portfolio was masterminded by Ballarat accountant Chris Mulcahy, also a co-investor in the deal.

"The buyers are all clients of our accounting firm [Mulcahy & Co] who I knew were looking for land," Mr Mulcahy told *The Australian Financial Review*. "At other times, we've tried to buy land, but there is a lot of corporate money about, which has lifted prices."

"When we first approached CBRE, the selling agents, to say we were interested in buying the portfolio they thought we were kidding." The off-market deal was brokered by CBRE

Agribusiness agents Duncan McCulloch, James Beer and Danny Thomas.

Mr Thomas said there had been an incredibly strong level of interest from both domestic and international parties in acquiring the portfolio.

"The local syndicate beat a couple of very significant foreign funds to the deal, which is very positive given foreign groups are buying up a lot," he said. "Because there was no FIRB risk in selling to the local syndicate, it meant the vendors could act quickly and confidently."

The Demeter portfolio formed part of a bigger institutional fund, managed by Altima Resources, that is being wound up, he said.

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