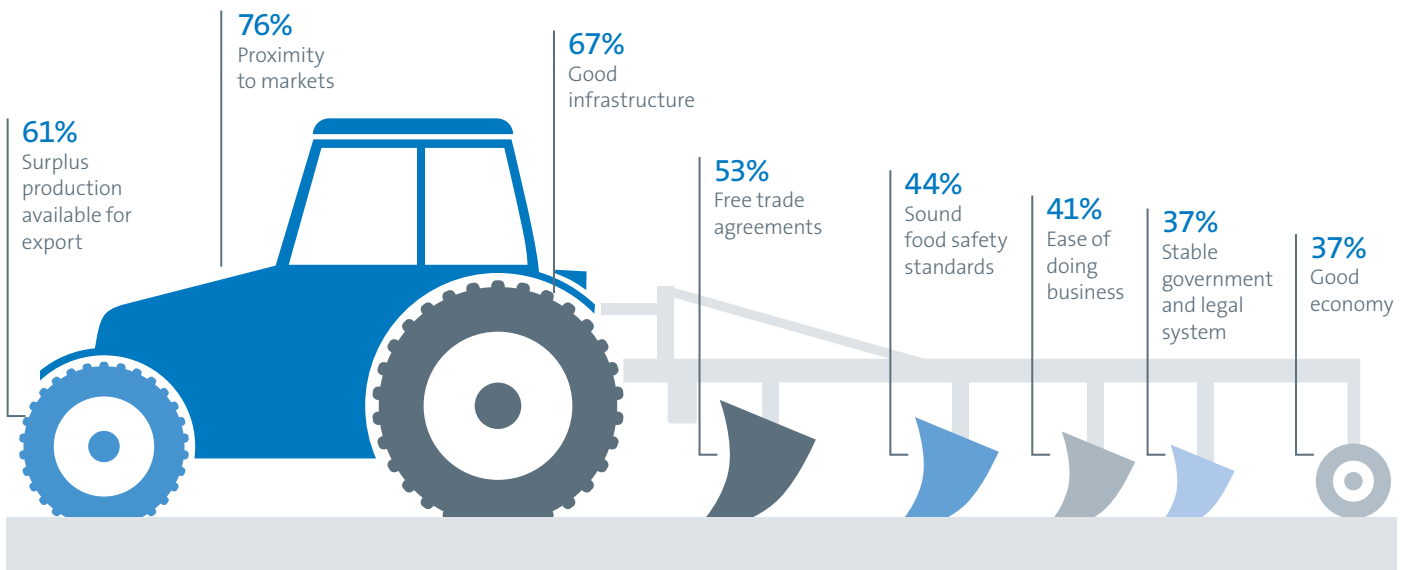




Australian
agribusiness
and inbound
investment

➤ AUSTRALIAN AGRIBUSINESS AND INBOUND INVESTMENT

Why foreign investors think Australia is an attractive place to invest in agriculture?



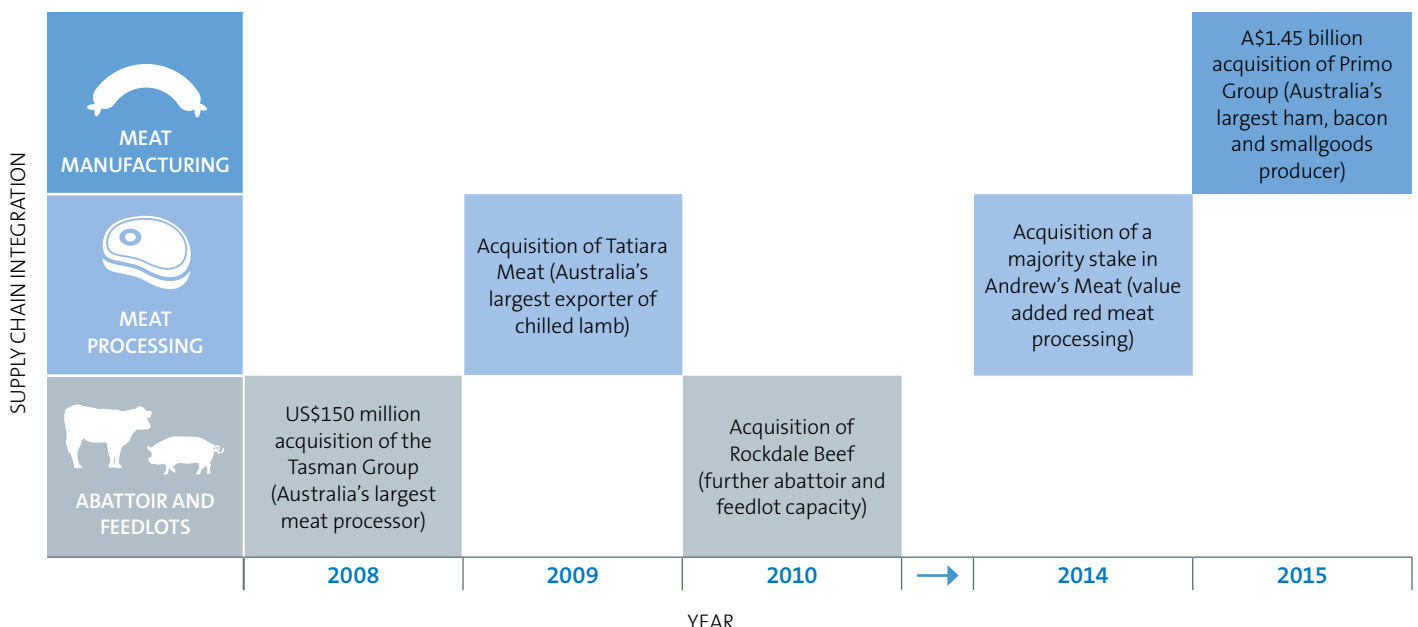
Source: Allens Agribusiness survey, 2014

➤ Paddock-to-Plate: Foreign Investors Building Integrated Multi-National Food Businesses

We have recently assisted a number of foreign investors to acquire Australian agribusinesses and food production operations as part of a strategy to build an integrated international food export business.

Case study: the establishment of the JBS Australia meats business

Over the last 6 years, Allens' Brazilian client, JBS SA, the world's largest beef producer, has made strategic investments across key stages in the Australian meat supply chain to complement its global plan to increase the scale of its integrated paddock-to-plate meat business.



➤ AUSTRALIA'S FOREIGN INVESTMENT REGIME: INVESTOR OPINION

'Australia is an open market for foreign investors. Even now, investing in Australian agriculture is easy and the market has maintained its attractiveness, especially due to the number of valuable opportunities.'

Chief Financial Officer, Agribusiness corporation, China
Allens Agribusiness survey 2014

In 2014, Allens interviewed 80 key decision makers at international and Australian investors to capture their interests and concerns in the Australian agribusiness sector. Their responses highlighted Australia's reputation as a 'safe' investment destination with sound rule of law and limited government interference. A clear majority of foreign investors did not cite Government decisions, regulation or taxes as detractors.

Changes to Australia's foreign investment laws were proposed in October 2015 that are currently being considered by the Australian Government. These changes include a new regime governing foreign investment in agribusiness and include draft changes that are likely to apply from 2016. While the changes are unlikely to detract from the interest in the Australian sector, their impact on the investment process needs to be understood.

Draft changes to the foreign investment regime

- 1. New thresholds:** Foreign investment approval will be required by foreign investors:
 - a. seeking to invest \$55 million in Australian agribusiness (regardless of the value of the business); or
 - b. where they have invested \$15 million (cumulative) in Australian agricultural land.
- 2. Fees:** From 1 December the Australian Foreign Investment Review Board will start to impose application fees to consider foreign investment proposals.
- 3. New register of agricultural land under foreign ownership:** Foreign investors will be required to register, land holdings that constitute agricultural land. Required information includes details of the value of the landholdings.




➤ FINDING THE RIGHT INVESTMENTS: BIDS AND ACQUISITIONS BY CHINESE ARE ON THE RISE

Chinese interest in Australian agribusiness has been high for a number of years and over the last 6 months, some significant Chinese bidders have been successful in completing acquisitions of Australian agribusinesses.

Chinese acquisitions of Australian agribusinesses – 2014 and 2015

CHINESE ACQUIRER	AUSTRALIAN TARGET		DEAL VALUE AUD (M)
Tianma Bearing Group Co., Ltd.	Wollogorang Ranch (operating assets); Wentworth Ranch (operating assets)	→	Cattle station assets 47
Xinjiang Tianshan Animal Husbandry Bio-engineering Co Ltd	Minjah Range (70% Stake)	→	Pasture for farming cattle, lamb, and crops 17.68
Shandong Delisi Food Co.	Bindaree Beef Group (45% stake)	→	Leading Australian meat processor 140
Fulida Group	Wellard	→	Large scale producer of sheep and cattle. 300
Short-listed bidders (Expected to announce buyer in early Nov.):	S Kidman & Co	→	Cattle station producing beef products 325
<ul style="list-style-type: none"> • Donlinks Grain & Oil Co Ltd • PengXin Group 			

➤ POTENTIAL ACQUISITION TARGETS

			Value*
Livestock, cattle and meat 	MC Herd	Privately owned business producing high quality beef, lamb and mutton produce to both local (wholesale and retail) and overseas markets.	\$255m
	Midfield Group	A major player in the domestic and export market, with beef, lamb, veal, mutton and by-products.	\$540m
	Tipperary Group	Business that operates Tipperary cattle station.	Unknown
	Consolidated Pastoral	Large privately owned cattle farming business with approximately 375,000 head of cattle carrying capacity over 20 properties, with operations in the Northern Territory and Queensland.	\$100m
	Australian Country Choice	One of the largest meat supply chain organisations in the world with operations including; cattle breeding; cattle growing; cattle grain; feeding; beef processing; product export marketing & sales; product primary distribution.	\$500m
	Carpenter International	The live cattle export arm of the Carpenter Beef operation (in administration with remaining cattle and farmland to be sold).	\$20m
	Dairy 	Burra Foods	Dairy ingredient processor producing natural cheese, fresh milk concentrates, specialty milk powders and fresh dairy ingredients.
Browne's Dairy		A privately owned milk producer offering white milk, yoghurt, flavoured milk, cream and juice products.	\$150m
Aquaculture 	CAQ Holdings Limited	Supplies a range of environmentally sustainable, vertically integrated fin-fish production services.	Unknown

* Information on expected value is drawn from public sources.

➤ ALLENS AGRIBUSINESS EXPERIENCE

Commodity trading

Cargill – Allens advised on the acquisition of the Joe White Maltings business from GlencoreXstrata. Also advised on the acquisition of the AWB Commodity Management business from Agrium. The acquisition followed Agrium's acquisition of AWB Limited and included all grain trading assets principally in Australia, India, Switzerland and the Ukraine.

Gavilon Grain – Establishment of its Australian grain trading business, including in relation to development of standard contracts for its pool and cash businesses, agency arrangements, financing, and port access arrangements with CBH.

Food Processing

JBS Australia – A\$1.45 billion acquisition of Primo, the largest ham, bacon and smallgoods producer in Australia and New Zealand. We also advised on the acquisition of the Tasman Group, Australia's largest meat processor, and subsequent acquisitions of Rockdale Beef and Tatiara Meat, and an interest in Andrews Meat. Our work has also involved advising on the Australian competition regulators investigation into cattle pricing conduct and drafting national cattle purchase terms.

Chinese SOE – Acquisition of beef processing assets

Murray Goulburn (financiers) – Advised CBA on provision of a \$150 million structured leasing arrangement to Murray Goulburn to build two milk processing plants for the purpose of servicing its 10 year milk supply contract with Coles.

Dairy Farmers – A\$910m sale to National Foods (Kirin).

Farm Production

Confidential bidder – On their current bid for Van Diemen's Land, one of Australia's largest dairy processes.

Chinese SOE – Acquisition and development of agricultural supply chain infrastructure in Australia.

Public Sector Pension Investment Board – Controlling joint venture interest in Hewitt Cattle Australia. Our work included establishment of the joint venture and acquisition of an initial portfolio of Queensland cattle stations.

Cubbie Station – Sale by McGrathNicol, as administrators, to Shandong RuYi of the largest irrigated land aggregation in the southern hemisphere.

Australian Food & Fibre – A\$42 million acquisition of PrimeAg and its portfolio of cotton properties and water rights by scheme of arrangement.

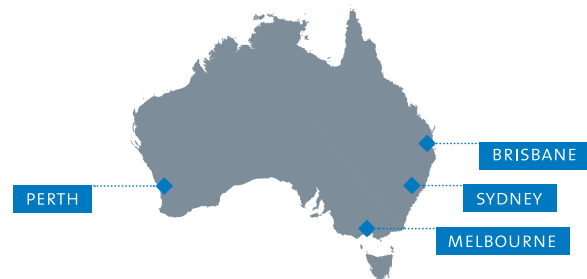
Standard Chartered Private Equity – A\$83 million convertible note investment in the Wellard Group, Australia's largest livestock exporter and ship owner, and a large mixed farming land owner and operator.

Macquarie Agricultural Funds Management – Ongoing advice to the Macquarie Pastoral Fund.

> ABOUT ALLENS

With offices in all major Australian capital cities, we offer one of the largest and most widely respected practices in the country. We act for more than 75% of Australia's top 100 companies.

Our Australian Offices



Ranked as a Band One firm in 14 practice areas
Chambers Asia Pacific 2014 and 2015

'For good, solid assistance with some very technical M&A work they've been great, and we know we can always get support from them.'

Sources for Chambers Asia Pacific 2015

'Allens can get everyone marching down the road to completion and settlement.'

Sources for Chambers Asia Pacific 2015

Our legal staff

National	144	445	● Partners
Brisbane	20	70	● Lawyers
Melbourne	54	156	
Sydney	60	174	
Perth	10	45	

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