

SE AGRIBUS
HD **STAG Beef reheats capital quest**

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QUEENSLAND businessman Keith De Lacy is seeking to revive capital raising plans for the STAG Beef agribusiness venture this time from cornerstone investors.

Mr De Lacy, a former Queensland Treasurer, said the **company** and its advisers had prepared an information memorandum and were targeting about six cornerstone investors.

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The move follows an earlier protracted raising attempt and shelved listing.

However, some industry participants are sceptical about whether the Staples and Agricultural Global Beef Investment

will be able to raise funds and execute

its strategy in a challenging market.

Global beef prices have been rising strongly, with exports of Australian beef to the US soaring due to a shortage of US domestic beef.

The key 90CL cow beef indicator averaged \$6.63 a kilogram free alongside ship in September, up from \$4.38/kg FAS in September 2013.

David Farley, a former chief executive of the Australian Agricultural **Company** (AACo), said looking at the global beef commodity cycle, it might be too late for newcomers to tap into high beef prices.

"If you haven't got a position on now you've missed the cycle," he said.

"Australia will be going into a herd rebuilding process behind everyone else and I think you'll find the red-meat cycle has exhausted itself from its high."

Mr Farley pointed to the boom and collapse in **dairy** prices.

Milk powder commanded more than \$US5000/tonne for much of 2013 but is now fetching about \$US2600/t.

"It's interesting how quickly the world responds to get prices back in line. The best cure for high prices is high prices," he said.

STAG was to differentiate itself from other listed cattle operations by focusing on breeding and rearing cattle only until they were weaned, rather than preparing them for export.

The **company** hoped to **buy** four properties in the Northern Territory that were trading at depressed prices and wanted to capitalise on surging global meat consumption.

However, Mr De Lacy said the **company** found it difficult to secure the purchase of the properties it had earmarked before raising \$70 **million** in capital via a float, which had been planned for the first half of 2014.

Broking house BBY's plans for a listing were well advanced before the offering was scrapped. The **company** is understood to have taken the concept to a number of investment banks. The **business** now says bringing together a **group** of cornerstone investors is the best way forward.

"There is still plenty of opportunity there and there are high-yielding properties for **sale**," Mr De Lacy added, noting that a viable portfolio would amount to \$200 **million**, including debt.

He noted that beef prices had improved in recent months but, contrary to Mr Farley, he said they still had "some way to go".

STAG had appointed former Deloitte partner Alain Pillay as managing director, while Geoff Wagstaff was to manage day-to-day operations.

These latest capital-raising efforts come as Australia and **China** expedite negotiations around a free-trade agreement. The hope is that a deal can be signed when **Chinese** President Xi Jinping visits Australia for the G20 meeting next week.

CO austag : Australian Agricultural Co Ltd | sgbeef : The Staples and Agricultural Global Beef Investment Limited

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