

SE Lifestyle
HD Three more cattle stations under contract in region
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WC 768 words
PD 12 November 2015
SN Northern Territory News
SC NORTH
ED NTNewsBR
PG 7
LA English
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LP THE Northern Territory pastoral property market has strong momentum, with three more reported stations contracted for sale in recent weeks.

Full sales details remain confidential until settlement, however we can say that a deal has been struck for Walhallow/Cresswell Downs (9997sq km) located on the northern fringe of the Barkly Tablelands.

TD The walk-in-walk-out (WIWO) price was \$100 million and the (impending) buyer is an Australian partnership comprising a billionaire businessman and an established NT pastoral stakeholder who has some experience with other large-scale cattle stations in the general region.

This is a very significant sale, being the first on the Barkly Tablelands since the same property sold to Paraway Pastoral Company back in April 2009 as part of the Georgina Pastoral Co. portfolio, which includes Armraynald & Davenport Downs.

Paraway had generally carried around 50,000 head (mixed herd) on the station and undertook significant infrastructure improvement during their period of tenure.

We understand the motivation for the acquisition is likely to have been underpinned by the property's potential to increase productivity (carrying capacity) through further development.

We are also aware of two more sales under contract in the Tennant Creek district, reportedly both to international buyers.

The combined value of these separate deals on a WIWO basis is reportedly in excess of \$28 million.

We understand that the properties' potential for diversification (using the new regulations allowing 30-year diversification permits that run with title) may have been the main enticement for the purchasers.

If these three transactions settle, then the total pastoral sales for the NT this year will increase to 11, with a combined outlay of a touch under \$150 million (real estate only/excluding livestock and plant).

This compares to \$66.8 million in total sales for 2014, or, \$35.1 million as an average for the period: 2010-2014.

Later in the year we should have a result for the Sidney Kidman sale process which, for the Helen Springs component, will add tens of millions of dollars to the above figure.

There is also the offering of The Tipperary Group of stations (Tipperary, Litchfield and Douglas West) a combined 5382sq km of perpetual pastoral lease located some 200km south of Darwin.

This is a relatively unique aggregation due to its significant development, its proximity to the Port of Darwin, and a trial crop of opium poppies.

The aggregation is being offered for sale either as an outright sale (bare of cattle) or as a joint venture arrangement.

The joint venture option is targeting a contribution of capital to acquire livestock and plant and equipment to develop the properties and working capital requirement.

We understand that indicative bids from potential investors are due in early November with further due diligence and final binding bids due some time in December.

Loud in the background in all of this activity is the strengthening of cattle prices through the Port of Darwin, which is Australia's busiest live cattle port. Trade cattle are still fetching \$3.40/kg.

In case you missed it, on October 13 the NT Government signed terms of agreement for the lease the Darwin Port land and facilities of East Arm Wharf and Fort Hill Wharf, for \$500 million (plus) to Landbridge Group for 99 years.

The Landbridge Group is a privately owned Chinese group that operates a 30 million tonne per annum port in North Haizhou Bay in Shandong province, strategically located between Beijing and Shanghai.

They are expanding the North Haizhou Bay port to 200 million tonnes, which is 65 times the volume capacity of Port of Darwin.

Under their new tenure here in Darwin they anticipate expending in excess of \$200 million in capital on the port over the next 25 years (with \$35 million of that in the first five years).

The Landbridge Group have been reported as having an extensive network within the Asian business community, which they intend to use to promote investment in live cattle export as well as oil, gas, mineral export and inbound tourism in the NT.

We note that the NT Government has retained a 20 per cent interest in the port. So, on several fronts, Chinese investment in the NT has had a rapid and significant impact over the last year or so. As far as medium to long-term property values go, the big question is whether Chinese investment will become a regular feature in our rural land market in Northern Australia, or whether it will Chinese enthusiasm will run out.

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