

# FINANCIAL REVIEW

**SE** News  
**HD** **New Hope Group, Perich family in \$100m dairy buy**  
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China's largest privately owned agribusiness company and the Perich family from Sydney are looking to buy a \$100 million dairy in western NSW, as the lower dollar and China free trade agreement revive foreign interest in the farm sector.

The Chengdu-based New Hope Group and the Periches are targeting the giant Moxey Farms dairy outside Forbes as their first joint transaction.

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Family patriarch, Tony Perich, told The Australian Financial Review his private company was doing due diligence on the Moxey dairy and was looking to bring New Hope in as an investor.

A short-list of bidders was finalised earlier in the month by NAB Advisory, which is conducting the sale process for the Moxey family.

Mr Perich said the listed Freedom Foods, which is controlled by his family, was not involved in the deal.

Offshore interest in the Australian farm sector comes amid surging demand from China's increasingly wealthy middle class for higher-quality imported food.

Beef and powdered milk have seen strong growth in recent years, but the latest trend in China is for fresh milk. This has companies such as NSW dairy co-operative Norco air freight fresh milk into Shanghai where sells for \$7.60 a litre in supermarkets and online.

Chinese fresh milk imports grew by 74 per cent last year and have increased 10-fold since 2010.

New Hope, which has annual sales of \$US8.8 billion (\$11.3 billion), said it will begin selling an Australian fresh milk product this year.

It has earmarked \$500 million to invest in Australian agricultural assets over the next decade.

The bulk of these funds are expected to go into the dairy sector and be invested alongside the Perich family.

New Hope's first Australian investment was in late 2013 when it bought a controlling stake in Queensland's Kilcoy abattoir.

The investment agreement between the Perich family and New Hope was struck on the same days as negotiations concluded in Canberra for the free trade agreement with China.

This will see tariffs on Australian dairy products eliminated 11 years after the FTA comes into force.

"We are definitely seeing more interest from both institutional and private investors in dairy due to the depreciating Australian dollar, the attractive free trade agreement and some favourable pricing," said Darren Craike from Bell Potter Securities.

The Moxey family put its 2700-hectare dairy operation on the market last October.

Its preference is to remain involved in business, but bring in a strategic partner, allowing it to pay down debt while also expanding.

The operation is estimated to be worth about \$100 million.

It milks 3500 cows, produces 50 million litres of milk annually and generated earnings before interest and tax of about \$12 million last year.

One financial investor spoken to by the Financial Review said he was told earlier this month his consortium had been unsuccessful in its bid for Moxey, as the family was looking to bring in a strategic investor.

This would favour a partnership between the Perich family and New Hope, which both have strong links into China.

New Hope is China's largest feed-grain producer.

It also has some of the country's leading red meat, dairy, pork and poultry brands.

The Perich family runs one of Australia's biggest dairy farms west of Sydney and have supply agreements with China's Bright Foods and the Shenzhen JiaLiLe Food Company.

With the Pactrum Dairy Group, the family also has extensive property holdings in western Sydney.

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