



## Make the Right Investment Decision

Strategis Partners' Guide to Investing in Australian Agriculture explains why there are compelling commercial reasons for investing in the Australian agriculture and food sectors, and how you can make the right investment decisions.

## There are compelling commercial reasons for investing in the Australian agriculture and food sectors

Australia is a net exporter of food products, exporting over 60 per cent of its agricultural produce. It is well positioned to capitalize on the expected strong growth in global food demand.

Australia has a major opportunity to exploit its clean, green, ethical farming practices and develop strong exports particularly into China, South East Asia and the Middle East.

Australia:

- Is uniquely located to export fresh premium products to our near neighbors in South East Asia.
- Has a stable government that is actively supportive of the agricultural sector and of foreign investment in Australian agriculture.
- Has a low 'sovereign risk' supported by a transparent legal and financial system.

Australian farmers are amongst the most efficient and innovative operators in the world.



## Dairy

From the perspective of Strategis Partners, the Australian dairy industry is poised for growth. It offers four strategic themes for investors, based on the competitive advantage of four selected dairy regions:

- Expand in Tasmania - the 'new New Zealand'.
- Build large-scale "US style" dairy production platforms in south-west New South Wales through cropping and land conversion.
- Go for consolidation in traditional dairy regions of Victoria, South Australia and southern New South Wales.
- Establish a position in Western Australia's fresh dairy future and the State's growing connection with South East Asia.



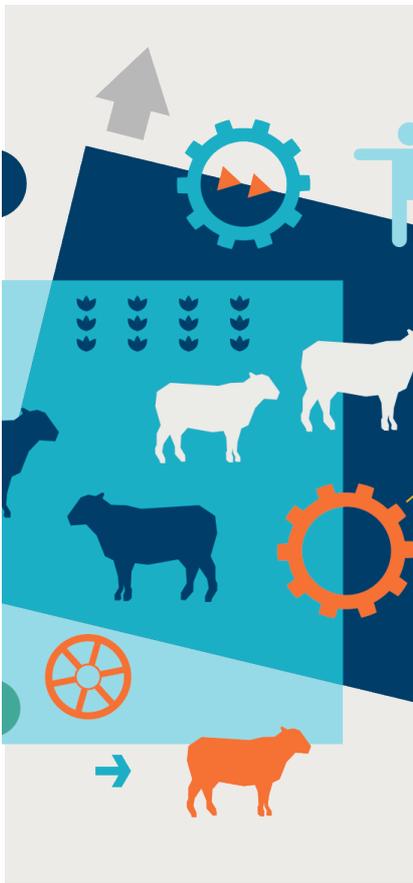
## Beef

The Australian beef industry has two main production zones:

- **Northern Australia.** Beef from this region tends to be of a lower quality as the cattle forage for feed over very large properties. Many of these cattle are sold to live export trade.
- **Southern Australia.** Beef from this region tends to be high quality and is suitable for domestic market and exported to premium markets such as Korea and Japan.

Strategis Partners has identified two main investment opportunities:

- Establish a large scale beef operations supplying both the domestic and export markets.
- Acquire large cattle properties in Northern Australia - a highly qualified professional manager has been identified for these operations.



## Lamb

Stratigis Partners has identified an opportunity for investors to establish Australia's largest integrated lamb operation supplying consumers in the Chinese and South East Asian markets as well as the domestic market.

The lamb is to be sourced from a network of rural properties in Eastern Australia. The operation can be designed to produce an initial 200,000 lambs per year, increasing to over 500,000 lambs within five years.

The on-farm production system would produce high quality lamb, all year round. Lamb can be sourced from:

- Properties owned by the operator.
- Independent farmers supplying lamb under a strict quality assurance system (could also include pension and agriculture funds).

Consideration can also be given to building a state-of-the-art processing plant as an integral part of the lamb production system.



## Cropping

Stratigis Partners has identified a number of attractive investment opportunities, including:

- A large scale cotton and grain operation with a strong management team that could be cost-effectively expanded by acquiring already identified farming operation. The initial investment to be around USD\$70 million increasing to USD\$150 million with expansion.
- A large-scale cropping operation, with secure water entitlements and diversify by establishing large-scale dairy or sheep lot feeding operation.

Acquiring large scale farming operations in Australia also creates the opportunity to become actively involved in owning &/or trading water entitlements.

Australia has one of the most efficient water trading systems in the world and this creates opportunities for sophisticated investors to exploit opportunities in this developing market.

Your agricultural investment strategy can benefit from our advice

We assist clients to identify investment opportunities where Australian agriculture has a sustainable competitive advantage.

Typically, this advantage is enhanced through one or more of the following investment strategies:

### Value-added Enterprises

Enterprises producing high quality value added products for the domestic and global markets.

### Operations with Scale

Broad-acre farming operations, with an internationally competitive low cost of production, and the scale to capitalize on efficient supply chains to export markets.

### Innovative Technologies and Systems

Innovative new agricultural technologies and systems of which Australia has a history of developing and commercializing

Stratigis Partners has a range of investment opportunities, across all sectors, from USD\$10 million to USD\$350 million

### Jay Horton, Managing Director

Jay is the Founder and Managing Director of Strategis Partners. During his 25 year management consulting career he has advised a wide range of agri-food companies including Berri Juices, Coles, Goodman Fielder, Grain Growers Limited, McWilliams, SPC-Ardmona, Sugar Australia, Wesfarmers Limited and Woolworths.



Jay is a former Partner of PricewaterhouseCoopers in their Corporate Finance Practice, with international firm McKinsey & Company, and Managing Director of management consultancy ORG Pty Limited. At PwC, Jay established and led the Agribusiness Services for PwC's Corporate Finance Practice, which advised clients on capital management and recovery, valuation and strategy, and M&A transactions.

His qualifications include Master of Arts (The University of Sydney), Master of Economics (Australian National University), Bachelor of Systems Engineering (James Cook University), and Fellow of the Australian Institute of Company Directors.

### Ted Harnett, Director of Agribusiness

Ted has had over 35 years experience in the Australian rural and agricultural sectors. He held senior executive positions at two of Australia's leading rural services companies; Wesfarmers Landmark Limited and Dalgety Australia Limited.

From 1994 to 2003 Ted held general manager positions with Wesfarmers Limited including Group General Manager – Wool, Livestock & Real Estate; General Manager - Western Australia; and General Manager – NSW & Queensland. He was also responsible for Wesfarmers Landmark's international trading operations and has extensive experience exporting wool and meat to overseas markets, particularly in China and SE Asia.

Ted has a sound practical knowledge of the agriculture industry in all States of Australia. He also has strong contacts with key industry stakeholders including many large & progressive farmers; major service providers, government, key industry bodies, banks and investment banks.



### About Strategis Partners

Strategis Partners is a team of advisers working with clients in Australia and Asia to solve their toughest investment decisions – delivering higher returns through better investments, faster growth, and superior customer value propositions. We are recognised for our insight and focus on complex strategic, financial and organisational initiatives, helping our clients chart their best course in a dynamic and uncertain world.

Our clients are in agriculture, commodity processing and supply chain management, food and beverage manufacturing, retailing and distribution.

We serve commodity producers including dairy, fruit, cotton, grains and pulses, livestock, sugar, wheat and wool.

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