

PRIDE AGRICULTURE GROUP

Prospectus



Pride Agriculture Group (PAG) are experienced operators in the lamb feedlot industry who are passionate about paving the way for the production of quality, environmentally conscious lamb meat through the use of market leading technology, and the promotion of high animal health and welfare standards.

Current market leading technology:

- A “paddock to plate” individual animal tracking system.
- An automated feeding system developed that only requires a grain and supplement mix to be fed to the sheep. This technology produces high conversion rates, a reduction in labour costs and minimises feed wastage as well lowering the carbon footprint.
- Labour optimisation systems to help deliver strong operating profits.

Executive Management Team

Aaron Prettyjohn has been the driving force behind the rapid business growth that the lamb feedlot has enjoyed. He has transformed it from a small backyard feedlot producing 6000 lambs per season to the industry leading enterprise that it is today, forecasting 80,000+ lambs this season.

Peter Dobbin has supported the business with disciplined financial control and accounting to manage the rapid growth in the business. Through his extensive experience in the agricultural industry including being a business bank manager for 8 years, this experience has been a critical complement to Aaron’s skills.

Situation Analysis

PAG is seeking a strategic partner(s) to help expand and vertically integrate the production of clean green lamb meat. Our project will see the expansion of the current business of intensive feeding through the acquisition of prime breeding pastoral land to help secure the supply of store lambs.

Objective

1. Acquire, develop and expand the lamb feedlot, with an aim to triple the annual capacity to 300,000 lambs. With the current business trajectory PAG aims to produce 135 tons of boxed export lamb meat per week by the end of 2023.
2. Acquire quality lamb breeding pastoral country. Sourcing optimal store lambs for the feedlot is the biggest risk in the industry: integrating store lamb production into the business is intended to mitigate the risk and increase profitability. Pastoral properties will be acquired through a disciplined acquisition program using a science based due-diligence approach to focus on the purchase of high-quality properties and breeding stock to support the growth in the feedlot.
3. Brand and market Pride Agriculture meats. Once targets of producing 135 tons of boxed meat per week have been met, marketing and branding can begin to try and export our own quality, grain fed Australian lamb.

Land Location

The feedlot property is strategically located for the production of clean and environmentally conscious lamb meat. Not only is the land perfectly suited for intensive livestock production, it is also positioned between major store lamb and fodder producing regions for supply of stock. In addition to this, the location provides access to a number of major abattoirs in the region.

Timeline

Feedlot Development

- 0-12 Months - Groundworks, Additional infrastructure and machinery.
- 1 – 2 Years – Onsite staff housing and staff development/training.
- 2+ Years – Fully Operational.

Acquisition of Pastoral Country

- 0-12 Months – Purchase of land with a capacity of 80,000 DSE (Dry Sheep Equivalent).
- 1 – 2 Years – Increase acquisition to a total capacity of 160,000 DSE.
- 2+ Years - Further increase to 300,000 DSE.

Investment

With global population on the rise so is the demand for high quality protein, thus making livestock production one of the fastest growing industries in Australia. Red meat and livestock exports from Australia were valued at \$17.2 billion in 2018-19, with lamb exports alone displaying a 14% increase above the five-year average in shipped weight.

PAG is seeking expressions of interest from new investor(s) looking to invest in Australian blue-chip agriculture through a well-established industry leading feedlot. An investor(s) with key contacts in export markets that could open up direct marketing links for the finished product would be an ideal investment partner.

We are looking for investment between \$250-300 million to achieve our goals. The acquisition and further development of the existing feedlot requires a \$15 million investment, and the balance of funds will be used for the acquisition of pastoral land suitable to lamb breeding. The total cost associated with the pastoral land acquisitions including working capital and livestock is between \$600-\$750 per DSE.

The existing management team of PAG believes that there are further economies of scale to be gained through the expanding production as well as vertically integrating in the sheep meat supply chain. This would primarily involve investment in quality, sheep breeding pastoral properties to supply the feedlot. Innovative feed and water management methods are anticipated to increase EBIDTA returns alongside additional returns from the feedlot. The feedlot is now displaying the best conversion rates in the beef and sheep feedlot sector and delivering ~30-50% EBITDA returns.

The projected expansion of the feedlot has gained approval by regulators for the majority of regulatory hurdles and now just awaits the final stages of approval which is expected shortly. The local community and regulators have been highly supportive of the project due to the economic benefits to the local and state economies.

The pastoral lamb breeding business will also have the opportunity to participate in the emerging carbon farming market. If carbon farming proves to be a feasible secondary income source which has minimal impact on the carrying capacity of the land, then participating in this emerging market will further strengthen the operating returns in the pastoral business. Sustainable land management practices will be a prime focus for both parts of the business to ensure that the environments that the business is operating in are properly protected for the future.

For further information please contact Aaron, Mobile +61 (0) 427 991 180

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