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Paraway posts \$23m loss

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ONE of Australia's top 10 largest land holders, Macquarie Pastoral Funds' Paraway Pastoral, has made a \$23 million loss after being hit by revaluations on its northern cattle stations. The \$700 million fund saw the value of its properties in Queensland and the Northern Territory drop \$27 million over the year to December 2012, chiefly due to the effect of the collapsed live export market.

In the accounts, only just filed with the Australian Securities and Investment Commission, Paraway, which made a \$700,000 profit in the previous year, said it had obtained independent valuations from Herron Todd White and M3 Property Strategists for its entire land portfolio.

A carrying value of \$424 million was recorded for the overall portfolio. Paraway's northern properties, which include Walhallow Station and the 1.5 million hectare Davenport Downs, took an 8 per cent cut in value to \$248 million.

The revaluation is consistent with other major livestock companies in the north such as the Australian Agricultural Company, which recently valued its entire portfolio, showing an overall decline of \$40.8 million.

AACo reported that the major valuation decrements occurred in the Northern Territory where properties were "impacted by the live cattle suspension".

Paraway, which controls one of the country's biggest sheep flocks and cattle herds, also recorded a \$16 million write-down on its livestock assets. The fund now has 233,806 head of cattle and 183,744 sheep.

The collapse in the live export trade flooded the market with cattle causing the price to drop. A similar oversupply situation in sheep markets, where graziers were responding to a long-term decline, also hurt prices.

However, while Paraway's statutory accounts were hit by big revaluations, the business experienced record sales of more than \$60 million in cattle and sheep. This lifted Paraway's net operating cash flows to \$6.3 million from a net outflow in full year 2011 of \$506,000.

While Paraway did not pay any dividends to its shareholders, of whom it is believed the Dutch asset manager APG is one, it did allocate more than \$9 million to reinvestment in its property holdings.

Paraway held back from making any land acquisitions in 2012 after having purchased \$111 million worth of livestock properties in 2011. Its sister cropping fund, Lawson Grains, did make purchases, including about \$16 million worth of land in northern NSW.

The value of Paraway's \$28 million in water licences held in southern NSW also held strong showing a slight \$240,000 improvement over 2012.

The fund's managers are prevented from speaking to media about the fund, due to capital raising initiatives. Paraway made \$13.88 million in total administrative payments and related-party expenses in 2012, up from \$12.6 million.