



MACQUARIE



RUYI AUSTRALIA

## MACQUARIE AGRICULTURE AND SHANDONG RUYI ENTER JOINT AGREEMENT FOR OWNERSHIP OF QUEENSLAND'S CUBBIE STATION

- An agricultural fund managed by Macquarie Infrastructure and Real Assets to acquire a 49% interest in Cubbie Station and associated operating assets
- Shandong Ruyi retains 51% of Cubbie, and the sale satisfies its undertaking to the Foreign Investment Review Board
- The agreement provides a stable and long-term ownership structure, providing continuity of employment for Cubbie's 42 employees and supporting local communities in Dirranbandi, St George and surrounding districts
- As part of the agreement, parties will voluntarily contribute up to 10GL to the Culgoa River and Lower Balonne intersecting streams over a five-day period following extended dry periods
- This Voluntary Water Contribution will assist the environment and downstream water users at times of highest need following extended dry periods.

**Brisbane, 2 August 2019:** An agricultural fund managed by Macquarie Infrastructure and Real Assets (MIRA or the Fund) and Shandong Ruyi (Ruyi) today announced an agreement to jointly own Queensland's Cubbie Station, associated properties and cotton ginnery (Cubbie). The Fund will acquire a 49% stake in Cubbie, with Ruyi to retain 51%.

Cubbie Agriculture, a subsidiary of Ruyi, will continue to operate Cubbie under a long-term operating agreement, with no change to the current on-property management and team.

The joint ownership agreement provides certainty of ownership of Cubbie, supporting the local communities of Dirranbandi, St George and surrounding districts. It also brings together two experienced agricultural investors and operators and it is anticipated this combined expertise will build on the operational and sustainability initiatives that have already been undertaken on farm.

As part of the joint ownership agreement, the Fund and Ruyi have entered into a binding commitment to voluntarily contribute water to the Culgoa River and Lower Balonne intersecting streams (Lower Balonne) when it is most needed. The commitment comprises a voluntary contribution of up to 10GL to the Lower Balonne over a five-day period following extended dry periods.

This will increase the volume of water in the river at critical times and help deliver a range of community and environmental outcomes. This new commitment builds on Cubbie's historical voluntary environmental, stock and domestic water contributions.

The particulars of the commitment have been developed with engagement from the relevant Commonwealth and Queensland authorities so that it will help meet their respective environmental water objectives. There is no compensation from the Commonwealth or Queensland governments for the voluntary contribution.

MIRA and Ruyi are committed to making the Voluntary Water Contribution an enduring commitment which will see water preserved for environmental purposes and increase the volumes available in low and medium flow scenarios.

Together with the Commonwealth Government, and relevant state governments and stakeholders, MIRA and Ruyi are working through the various options in order to formalise the arrangement. All parties recognise the value of supporting environmental watering into the future.

MIRA Head of Agriculture, Liz O’Leary said: “Cubbie is one of Australia’s premiere agricultural assets and aligns with our investment thesis for long-term sustainable farming operations.

“MIRA has been an active investor in and manager of Australian farmland for more than 10 years and we understand the responsibilities that we have to local communities and investors. Shandong Ruyi has a long-term track record of sustainable operation of Cubbie and that is a commitment we share with them.

“The Voluntary Water Contribution that we have announced today is a meaningful commitment that will increase the volume of water in the Culgoa River and Lower Balonne intersecting streams, at the most critical times. It is also an example of the private and public sectors engaging with one another to develop new ways of helping to meet environmental objectives, while enabling productive use of the land at times of high flows.”

Cubbie Agriculture Chief Executive Officer, Paul Brimblecombe said: "Under Ruyi’s ownership Cubbie has demonstrated a practice of active management of critical flows to benefit the environment and downstream users, so it’s very pleasing to find a likeminded partner in MIRA.

“Together, we are excited to continue making a difference in the communities in which Cubbie operates, and to provide a meaningful contribution to support downstream users via this Voluntary Water Contribution.

“Since Ruyi acquired Cubbie Station in 2012 it has invested over \$26 million to maintain and improve the efficiency of Cubbie’s operations, spent over \$25 million acquiring and upgrading the Dirranbandi ginney, and funded major low-season maintenance programs providing great support for the local community through the drought cycle.”

Ruyi Australia Group Chief Executive Officer, Tony McKenna said: “MIRA is highly regarded internationally and has over a decade of experience in agriculture. Our joint venture provides certainty of ownership to Cubbie. Under the structure, the current management and operational team of Cubbie will remain unchanged and will be able to continue their good work.”

All required regulatory approvals have been obtained, including Foreign Investment Review Board. Completion of the transaction is subject to certain conditions precedent. All other commercial terms remain confidential.

// ENDS – SEE EDITORS’ NOTES BELOW //

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## **EDITORS' NOTES**

### **About Cubbie Group**

Cubbie Group comprises 93,700 hectares of farmland including 22,100 hectares of irrigated cropping fields which is supported by extensive on-farm irrigation infrastructure covering 13,300 hectares. The land mass also includes 8,900 hectares of cereal cropping area and 49,400 hectares of grazing, remnant vegetation and balance area.

The properties can produce in excess of 250,000 bales of cotton in full production years or, alternatively, produce a wide variety of irrigated agriculture including wheat, sorghum, sunflowers, barley, chickpeas and corn.

### **About Macquarie Infrastructure and Real Assets**

Macquarie Infrastructure and Real Assets (MIRA) is one of the world's leading alternative asset managers. For more than two decades, MIRA has partnered with investors, governments and communities to manage, develop and enhance assets relied on by more than 100 million people each day.

For more than 10 years, MIRA has combined farming expertise, investment management discipline and a deep understanding of global commodities markets 'in-house', to become one of Australia's largest diversified farmers and a major investor in Brazilian agriculture. MIRA's Australian agriculture portfolio teams are based in Albury, Orange and Sydney.

MIRA is a part of Macquarie Asset Management, the asset management arm of Macquarie Group.

### **About Shandong Ruyi**

Shandong Ruyi (Ruyi) is one of China's largest textile manufacturers and is growing to be one of the world's pre-eminent vertically integrated fashion companies. Ruyi has some of the largest production lines and most advanced textile technologies in China. The company also owns a significant brand, distribution and retail network including Aquascutum, Renown and SMCP (the owner of Sandro, Maje, and Claudie Pierlot). In 2019 Ruyi acquired The Lycra Company, which owns fabric technologies including Lycra, Coolmax and Thermalite.

In Australia, Ruyi's business operations include Cubbie, global wool trader and processor, Lempriere Wool and the historic fine wool property Larundel Estate. As the owner of these iconic Australian companies, Ruyi Australia is dedicated to excellence in the initial stages of the fashion supply chain.

### **Cubbie Voluntary Water Contribution**

The Voluntary Water Contribution aims to deliver environmental water in the Culgoa River and Lower Balonne intersecting streams during critical periods when it is most needed. Under the Voluntary Water Contribution up to 10GL or water will be contributed via:

- a 50% reduction of the extraction right for up to five days where a low-flow event is determined (five times the existing rules)
- a 25% reduction of the extraction right for up to five days where a medium-flow event is determined, (two-and-a-half times the existing rules)

Low and medium-flow events are determined by the Queensland Department of Natural Resources, Mines and Energy.

Where the environmental demand for, and value of, water is greatest following extended dry periods, there are existing rules which act to reduce the volume of water that can be extracted by users by 10% for up to five days.

The proposed water contribution has been developed with the assistance of Commonwealth and Queensland government authorities and is based on detailed hydrological analysis. This engagement with the authorities has enabled a Voluntary Contribution that will support national and state water planning objectives and enhance environmental and community outcomes.