DomaCom, Lloyds in frame for Kidman sale

Matthew Cranston

The highly politicised sale process for Australia's largest landholder, S. Kidman & Co, has been officially reopened and crowdfunder DomaCom has joined forces with Lloyds Business Brokers to launch a \$370 million bid.

DomaCom and Lloyds have entered talks with Ernst & Young, which is handling the sale process for the Kidman shareholders, and has been given access to the sale documents.

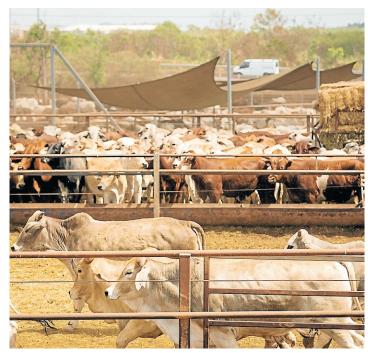
Their plan is to buy S. Kidman & Co in a matching bid to the failed bid from Chinese-backed consortium Dakang Australia – which was rebuffed by Treasurer Scott Morrison last month – and then separate the purchase of the land and the operating business.

DomaCom chief executive Arthur Naoumidis said the fresh offer from DomaCom and Lloyds would see the land valued at \$210 million and the operating businesses at \$160 million.

"At a price of \$210 million, it would give investors a gross rental yield of 3.9 per cent in addition to capital growth, low volatility and the opportunity to keep an Australian agricultural icon in local hands." Mr Naoumidis said.

Last month, Mr Morrison said he had reached a "preliminary finding" that the national interest required him to withhold approval of the bid by Dakang Australia for the pastoral business, which spreads across 11 million hectares.

Lloyds' Victoria director Chris Butchers said he would draw on a data base of private investors to fund his side of the bid that would buy the shares in the operating business and lease the land from DomaCom.



Indicative bids for the new S. Kidman & Co sale are due on May 26.

"On the business side we expect to see significant interest from equity funds and professional investors keen to capitalise on the growing worldwide demand for Australian beef," Mr Butchers said.

EY's Don Manifold, who is handling the sale process, confirmed the move.

"We are back to square one – we are looking at all options," Mr Manifold said.

"With this round three we will be months away from any result," he added.

He welcomed new bids.

Mr Naoumidis said being granted access to EY's sale process was an important development because it meant he could now engage with

potential investors "armed with all the facts and figures about Kidman and its operating businesses".

The property crowdfunding group had hoped to buy S. Kidman & Co, and list as a public company.

However, in February, when the Kidman deal was tied up with Dakang, DomaCom said it would use its pledged funds to buy other farms across Australia.

Other groups looking to buy S. Kidman & Co did the same. Rifa Salutary, the Australian arm of China's Zhejiang Rifa Holding Group, which looked at S. Kidman & Co, purchased close to \$60 million worth of farms in NSW.

Indicative bids for the new S. Kidman & Co sale are due on May 26.

Death of the 'Death Spiral'

Ben Potter

The so-called "Death Spiral" that was supposed to sweep electricity networks onto the scrapheap as households and business generated their own power from solar panels and mini-windfarms has itself succumbed to the forces of mortality.

"I haven't heard anyone talk about the death spiral in 18 months," said Ann Burns, consulting firm Accenture's managing director resources for Australia and New Zealand at the Energy Markets 2016 conference on Friday

The concept of the "death spiral" for electricity networks became popular a few years ago as the rise of solar rooftop homes, wind power and the collapse of manufacturing began to erode demand for electricity from the centralised grid and the large coal and gas-fired power stations that traditionally underpinned it.

But speakers at Energy Networks 2016 agreed the idea of the "death spiral" had died a natural death.

The limitations of so-called distributed power generated from solar panels and wind farms had gradually convinced both incumbent networks and the insurgent distributed energy companies they would still need each other if they were to meet the desire of consumers for low carbon, affordable and reliable energy, they said.

Ms Burns said the various parts of the

energy industry – generators, networks, retailers – would have to work together and compete "to get things done" as the electricity industry continued its transformation.

"This isn't a transition. This is a point of inflection for all of us," she told a panel on *The Unlocked Grid*.

The evolution has seen the centralised electricity grid morph into a decentralised energy network with power generation distributed among millions of homes and business premises, increasingly backed by batteries to allow solar energy to be stored for later use and traded among neighbours.

This has raised the spectre of network companies offering services directly to end users as they build smart digital technology into the grid, potentially putting them in competition with their traditional partners, the retailers.

AGL Energy chief executive Andy Vesey, who announced the company would withdraw from coal-fired power by 2050 after being appointed last year, told the conference "who competes where" is "the wrong argument"

"The right argument is, how can we do things together to benefit the ultimate consumer?" Mr Vesey said.

The line between the historic components of transmission, distribution and retail had become blurred and the "fundamental business model" of the electricity industry was slowly dying.



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On full balance	0.01% p.a.
Bonusrate	2.24% p.a.
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From \$100,000 up to \$499,999.99	0.35% p.a.
\$500,000 and over	0.70% p.a.
Retirement Access Plus	
On balances up to \$1,999.99	0.25% p.a.
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\$41,000 and over	2.50% p.a.
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On full balance	0.50% p.a.
Direct Saver	
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