

# FINANCIAL REVIEW

## Johnston Rural begins farm acquisitions with Roger Fletcher sale and leaseback

Johnston Rural Group has purchased on behalf of several wealthy private Sydney-based investors a major rural holding owned by one of Australia's most well-regarded agribusinessmen, Roger Fletcher, for more than \$13 million.

Johnston Rural Group's Gary Johnston, a previous recipient of the [farmer of the year award](#), purchased the property – part of Kiargathur Station at Condobolin in central NSW – via a sale and leaseback arrangement with Mr Fletcher.

The arrangement is becoming increasingly popular in Australia as farmers look to continue their own farming way of life while freeing up capital for their offspring's own endeavours.



Managing Director of Johnston Rural Group, Gary Johnston, has just acquired a farm in south west NSW on behalf of private investors.

*(Photo by Dominic Lorrimer/Fairfax Media)*

"We prefer the owner to keep running the farm as is the case in this situation but if the owner decides to leave after five years we will review it and either release it, on-sell it or operate it ourselves," Mr Johnston said.

Mr Fletcher's property – a 10,177 hectare slice of his [Kiargathur Station](#) – is the first property to be purchased by Johnston Rural Group.

"I have been farming for 40 years and I am thankful to have lived long enough to see a good investment model like this for the agricultural sector," Mr Johnston said.

"We reviewed 27 properties from Emerald in Central Queensland to Launceston, Tasmania, and we have several properties in due diligence.

"I don't know how big this will get but it's good to get the first one away."

Mr Fletcher had originally purchased the 30,000-hectare Kiargathur Station from S. Kidman & Co in a \$33 million deal in 2015 and earlier this year offered a 10,177-hectare slice of the property for sale.

# FINANCIAL REVIEW

Ray White Rural's Bruce Gunning negotiated the sale of the property. He said the quality of the lessee had been a key feature to the purchasers.

The arrangement between the private investors and the tenant will require Mr Fletcher to keep improving and maintaining the condition of the land. But that won't be a problem for the Fletcher business.

"It's an easy place to manage," Mr Fletcher said. "We only ever bought properties that were easy to manage.

"I think that for the larger farms there will be some problems in the future. The big farms are getting so much bigger and I think there is a lack of practical education out there – education about nature."

As for the sale and lease-back model which keeps the current farmer as the operator, Mr Fletcher was welcoming of it.

"There are a lot of models out there at the moment and I don't think it hurts to have a mix," Mr Fletcher said.

The Johnston Rural Group will continue to acquire the land on behalf of its existing clients and new investors looking to gain exposure to high-quality farming operations.

Mr Johnston said there was a preference for equity investments and less appeal in gearing up to acquire the properties.

Mr Fletcher said he would use the proceeds of the sale to reinvest in other areas of the Fletcher business such as supply chains and a major new feedlot.

"We are very vertically integrated so we will use the money for other things," he said.



**Matthew Cranston** is Economics Correspondent based in the Canberra bureau. He was previously Property Editor.