

# EAA moves closer to Cubbie deal

Report Matthew Cranston

Eastern Australia Agriculture is narrowing as the favourite to buy the nation's largest cotton irrigator Cubbie Station after gaining traction with the Foreign Investment Review Board.

EAA is an Australian-based farming company with several operations near Cubbie in south-east Queensland.

EAA is backed by major global fund managers including London-based investment firm Odey Asset Management, which controls about \$US6 billion (\$6.8 billion).

The *Weekend AFR* has learnt investment management firm Ecofin, which specialises in the alternative energy sector, has also backed the group.

A third unconfirmed backer for EAA is the Hong Kong-based Pacific Alliance Group with \$US4 billion under management.

Two of its hedge funds, the Pacific Alliance Asia Opportunity Fund and Pacific Alliance Equity Partners, are listed on the London Stock Exchange's AIM.

Tenders for the 92,000-hectare cotton operation, which went into administration last year owing lenders National Australia Bank and Suncorp over \$320 million, closed on Friday after an extensive selling campaign from Jones Lang LaSalle and RBS Morgan.

Queensland Cotton, backed by another offshore fund Olam, is also said to be one of the bidders.

Cubbie is regarded as the property at the centre of the country's controversial water buyback scheme because of its 500,000 megalitre water storage, famously compared to the size of Sydney Harbour.

However, after several years of drought the property was placed on the market in August last year.

Now local reports estimate that recent rains in the area have filled about 150,000 megalitres of Cubbie's total water storage.

A spokesman for EAA said the company was seeking to buy the property and was waiting to hear back from the Foreign Investment Review Board about some changes to an earlier approval.

"We are also seeking to speak to the federal government about a proposal to sell a certain portion of the water and we are confident that we will be able to negotiate

In 2008, EAA bought a \$61 million large-scale cotton property called Kia Ora near Cubbie station as well as the 19,000-hectare irrigation property Clyde.

While maintaining the farming operations on the properties, the company was able to release more than 10,000 megalitres of temporary water into the Narran Lakes.

That move was praised for its environmental benefits by environmentalists such as the then Murray-Darling Basin Commission chief executive Wendy Craik.

Climate Change Minister Penny Wong would not comment on whether she was aware of EAA's intentions.

"The water purchase program is administered by the Department of Environment, Water, Heritage and the Arts in accordance with appropriate standards of probity and commercial confidentiality," a spokesman for the minister said.