

**SANTA ROSA RANCH** [WWW.SRRBRANGUS.COM](http://WWW.SRRBRANGUS.COM)

**Largest Registered Brangus & Ultrablack Seed-Stock & Commercial Cow/Calf Operation In USA**  
**~4,500 head with complete turn-key operations on ~14,000 acres of owned/long-term leased land**

Statesman Corporate Finance, LLC has been retained by the owners of this business to assist in identifying prospective acquirers and evaluating possible opportunities for a sale of the business.

**Location:** Central Texas - Houston County. Situated equidistance between Dallas and Houston, ~2-hour drive from either.

**Overview:** In 2013, a multi-generational Texas ranching family acquired the long-term leasehold rights to ~12,560 acres, surrounding an existing ranch owned by the family. The availability of this amount of contiguous acreage, within such ideal cattle-ranching environments, presented a unique opportunity to dramatically expand the family's existing Santa Rosa Ranch ("SRR") cattle operation. The added lease land brought SRR to ~14,000 total acres under control and created the opportunity to develop a fully registered Brangus and Ultrablack ("B/Ub") seedstock and cow-calf operation that would be unparalleled in the US, in terms of herd size and genetics. Purchases of ~2,380 unregistered B/Ub's brought the total SRR head count to ~4,500, where it still stands today. A percentage of SRR's original herd was already registered B/Ub's and the additional cattle were acquired to be recipients for embryos produced from its existing donor females. SRR's intent from the outset was to **"breed" vs. "acquire"** the genetics for its herd and, as of 2017, is the largest registered breeder of Brangus and Ultrablack cattle in the United States, as verified by the official registry of the International Brangus Breeders Association (IBBA). SRR employs a progressive breeding program, utilizing a variety of advanced reproduction & carcass evaluation technologies, including artificial insemination, embryo transfer along with carcass ultrasound and DNA testing. **At the end 2018, SRR's herd stood at ~75% registered, well on track to achieving its goal of 100% registration in 2020.** (See schedule of Registered Cattle Inventory Build-up on following page.)

SRR has been highly selective in their retention standard for "registration" and breeds cattle to be efficient producers with moderate frame, resulting in carcass scores grading at Prime or High Choice. SRR tracks and maintains detailed performance data on every animal over its full life cycle on the ranch. Data collection at birth, weaning, and yearling stages identify cattle that are easy calving, high growth and efficient at converting feed to muscle. Carcass ultrasound data is collected on every yearling on the ranch to evaluate ribeye area (REA) and intramuscular fat (IMF) which leads to rapid, continuous improvement of herd genetics. With detailed data to back up its claims, SRR has already established market recognition for offering the top genetics in the breed.

**Opportunity – (Significant Ramp-Up of Registered Cattle Sales Beginning in 2020)**

To date, only 20% (on average) of annual sales are from registered cattle sales. Most of these have been bulls, as registered females are still being purposefully retained to further increase the herd's registered population. SRR expects to continue retaining most of its females through 2020. By 2020/2021, SRR projects to be annually selling 500 - 600 registered bulls, 500 - 600 registered cows, plus 1,000 head in commercial markets and/or retained ownership in a feedyard. Semen and embryo sales and exporting of carcasses are currently untapped opportunities. (See Count of Annual Cattle Sales schedule on following page.)

**The SRR cattle operations have been meticulously developed to be "World Class" on every level. Little investment has been spared in building out the necessary ranch improvements, equipment and machinery. Everything is in place and fully operational, making this a true turn-key opportunity that new ownership can immediately step into without interruption.**

**Reason for Transaction:**

Current ownership interests are strongly focused on breeding. As herd development is nearing complete registration, the ownership family believes SRR is now perfectly positioned for new ownership to take over with broader experience in the sales and distribution channels for large scale cattle operations. Additionally, personal family lifestyle changes have taken place and the ownership family is motivated to

**Key Value Drivers:**

- First-class, large-scale production cattle ranch developed so new ownership can take over without interruptions to ongoing operations.
- High quality improvements, machinery and equipment in place and fully operational.
- Potential positive tax treatment to the Purchaser; consult with your personal tax consultant.
- After the last 5 years of ownership's investment in herd development, a significant ramp-up of registered cattle sales to begin in 2020.
- Already recognized as market leader in Brangus and Ultrablack cattle production.
- Verified by IMI Global to qualify for USDA Verified Natural Beef (VNB) and Non-Hormone Treated Cattle (NHTC).
- Ample water resources for both forage and animal production.
- Located in Central Texas with easy access to two major metropolitan markets with established domestic and international distribution channels.

**For Additional Information, please contact:**

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move to their next stage. If requested, current ownership is amenable to staying involved for a limited time, post transaction, to assure a smooth transition.

**Assets Included in Sale:**

All ranch livestock, all semen and embryo inventories, all owned/leased acreage and facilities\*, all ranch improvements, all ranch equipment and machinery, which is extensive, well maintained and of the highest quality. Ranch improvements include, among other items, seven sets of working pens, each equipped with hydraulic chutes. Two of the pens have adjacent air-conditioned labs utilized for artificial insemination and embryo transfer technologies. A grain facility with capacity to store 80,000 bushels of small grains and a concrete slab capable of holding 10,000 tons of silage. ~1,780 acres of the leased property are currently used for forage crop production. An experienced ranch staff is in place and expected to want to continue with new owners. ***\*All the land (freehold as well as the contiguous leasehold, controlled by only one party) is available with the sale of the operation. Any mineral rights to the freehold property will be conveyed.***

Yearly Progression of SRR Cattle Inventory from Commercial to Registered							Projected <sup>1</sup>		
TOTAL CATTLE	Dec 2013	Dec 2014	Dec 2015	Dec 2016	Dec 2017	Dec 2018	2019	2020	2021
<b>Registered</b>									
Bull	192	272	362	483	536	497	739	720	719
Cow < 2 yo	282	366	528	633	748	645	1,058	1,080	1,244
Cow > 2 yo	375	486	608	797	1,030	1,314	1,579	2,044	2,256
Calf	5	20	15	44	142	527	0	0	0
<b>Total Registered</b>	<b>854</b>	<b>1,144</b>	<b>1,513</b>	<b>1,957</b>	<b>2,456</b>	<b>2,983</b>	<b>3,376</b>	<b>3,844</b>	<b>4,219</b>
<b>Commercial</b>									
Bull	176	36	20	12	8	6	24	17	13
Cow	2,211	2,010	1,675	1,185	1,017	840	687	340	90
Calf	719	110	556	188	368	131	0	0	0
<b>Total Commercial</b>	<b>3,106</b>	<b>2,156</b>	<b>2,251</b>	<b>1,385</b>	<b>1,393</b>	<b>977</b>	<b>711</b>	<b>357</b>	<b>103</b>
<b>TOTAL HEAD</b>	<b>3,960</b>	<b>3,300</b>	<b>3,764</b>	<b>3,342</b>	<b>3,849</b>	<b>3,960</b>	<b>4,087</b>	<b>4,201</b>	<b>4,322</b>

Count of Annual Cattle Sales							Projected <sup>1</sup>		
SALES	Dec 2013	Dec 2014	Dec 2015	Dec 2016	Dec 2017	Dec 2018	2019	2020	2021
Registered Bull	126	88	180	137	337	297	342	507	640
Registered Cow	8	19	21	64	13	53	24	41	315
Commercial	605	1,734	1,189	1,876	749	1,144	1,282	1,194	881
<b>Total Sales</b>	<b>739</b>	<b>1,841</b>	<b>1,390</b>	<b>2,077</b>	<b>1,099</b>	<b>1,494</b>	<b>1,648</b>	<b>1,742</b>	<b>1,836</b>
% Sales registered	18%	6%	14%	10%	32%	23%	22%	31%	52%

<sup>1</sup> For projections calves are included by gender as cow/bull.

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