



Ausgrow
AGRICULTURE

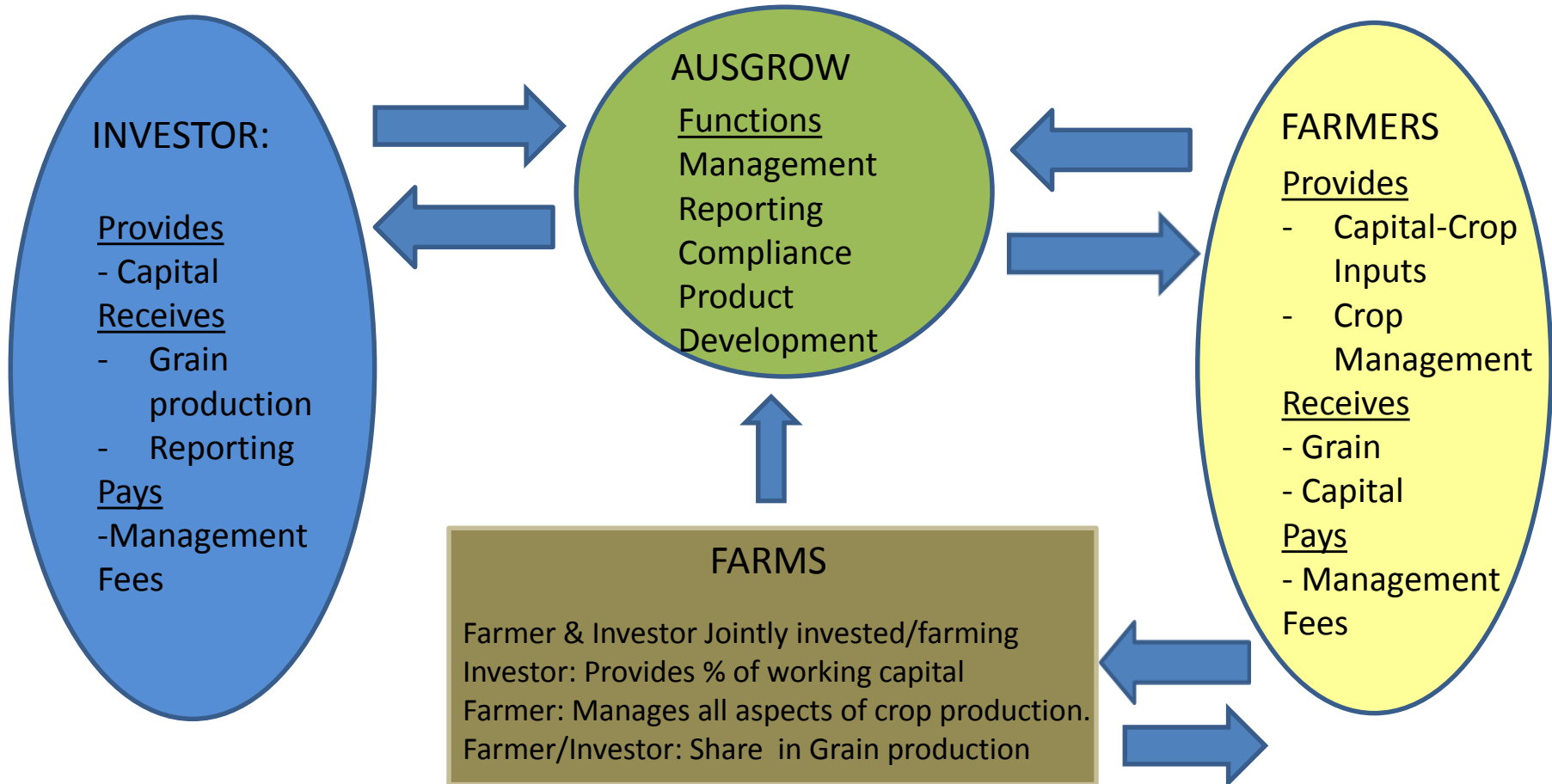


Ausgrow's objective is to provide a mechanism for investors to access Agricultural exposure and farmers to access capital.

Main objectives:

- Bringing alternative sources of funding to traditional agriculture.
 - To provide capital for growth
 - Successions planning
 - Risk management and debt reduction
- Enable high performing farmers to continue growing with lower risk.
- Lower cost model and more productive than existing corporate models.

Structure-Overview



WHO IS AUSGROW ?

“Ausgrow was formed two years ago with the objective of finding a better way to attract investors into broad-acre farming”

Registered Business Name: **Ausgrow Agricultural Pty Ltd**

Date registered: **3rd October 2013**

ABN: **166 188 341**

Business location: **55 Salvado Road, Subiaco**

WHO IS AUSGROW ?

Ausgrow team

- **Peter Morrison**
 - Funds Management, commercial property and agribusiness projects for 30+ years.
 - Senior corporate positions, directorships for fund management and commercial property groups.
- **John Warr**
 - Farmer at Yuna 20+ years.
 - Successfully founded a number of Agribusiness.
- **Rob Melville**
 - Australian and Asian funds management for 30+ years.
 - Extensive experience in capital raising and business development.

WHO IS AUSGROW ?

Ausgrow Team(Cont.)

- **Chris Brown**
 - Farming for 10+ years
 - Commodity trading, risk management and international markets for 10+ years.
- **David Renton**
 - Funds management and financial services 10+ years
 - Extensive experience in financial modelling, investment analysis, trust and corporate accounting.
 - Financial controller of listed agribusiness company.

POTENTIAL INVESTORS

Ausgrow has had a number of discussions with different groups who are interested in investing in agriculture.

Types of Investors

- High Net Worth Investors
- End Users
- Agricultural Funds – domestic and international
- Pension and sovereign funds

Investor Attraction to Agriculture

- Demand for land and soft commodities.
- Lack of correlation to the stock market or traditional property returns.
- Agricultural assets offer an excellent natural hedge against inflation.
- End-user investors looking to manage price risk, security of supply and traceability/specific product lines.

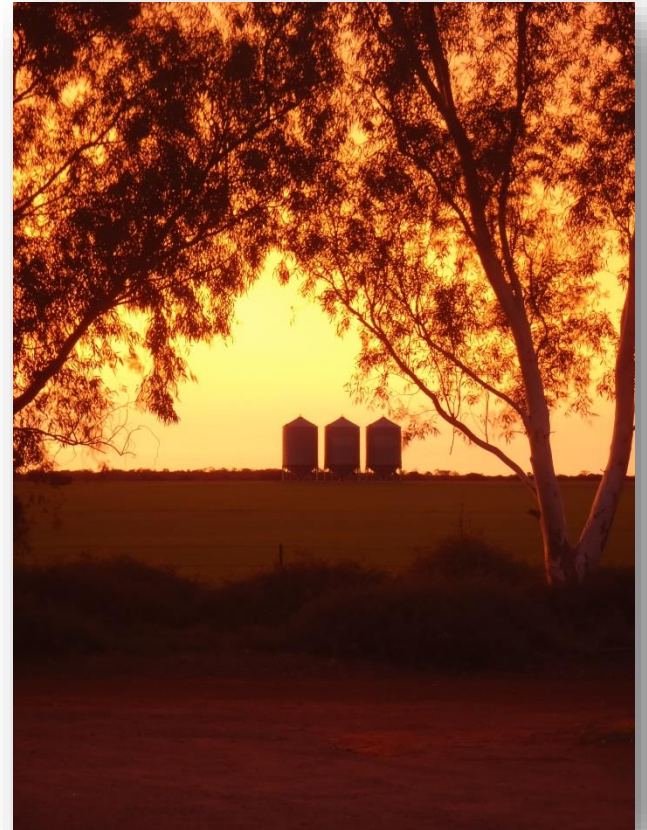
AUSGROW - PRODUCTS

Ausgrow Products

- Share Farming
- Participating Note
- Ausgrow Rural Land Fund

Benefits to Farmer

- Access to external capital
- Ability to release equity tied up in their land
- Assist with succession
- Assist with funding expansion
- Share production risk with investors



AUSGROW – SHARE FARMING

How it works.

- Farmer formulates cropping program plan detailing the following:
 - Crop type and area's intended for planting.
 - All budgeted inputs-chemical/fertiliser/seed etc.
 - All operations valued at contract rates.
 - Lease value negotiated based on individual farm performance.
- Farmer decides what % of program to fund with investor.
- Farmer and investor enter into a share farm agreement.
- Investor pays:
 - a lease rate to farmer in proportion to % of Share Farm Agreement (SFA).
 - % of the total crop inputs in proportion to % of SFA
- Farmer carries out all the operations and agronomy management.
 - Farmer will have reporting obligations and agronomy oversight.
- Farmer and investor split the physical grain in proportion to the SFA.

AUSGROW-FARMER SELECTION CRITERIA

How do we want to select farmers

- Last 5 years production history:
 - Planted area and yield by crop type.
 - Total fertiliser/chemical/seed costs-(if not we will use standard costs)
- Analyse rainfall data from nearest BOM.
- Financial Assessment.
 - Analysis of current financial position.
- Assessment and review of farming techniques
- Assessment and review of capacity of equipment.

AUSGROW-STEPS TO PARTICIPATE

- ***Selection process.***
 - Provide the 5yrs history.
 - Satisfy the financial health assessment
 - Satisfy the qualitative assessment.
- ***Budget and Planning development.***
 - Prepare 2016 budget cropping plan.
 - Ausgrow review and approve budgets
- ***Crop Production.***
 - Implement the plan.
 - Provide timely updates if plan needs to be amended.
- ***Reporting***
 - Regular monthly reporting- crop progress, forecast yield.
 - Timely ad hoc reports if program needs to modified or if forecasts change.

AUSGROW – SHARE FARMING

What are the benefits?

- Higher returns due to lease income from investor.
 - Returns also stabilised as lease component is not dependant on the annual crop returns.
- Risk management.
 - Downside participation is. reduced due to investor sharing downside.
 - Funding is non-recourse.
 - Reduced capital at risk.
- Increased access to capital
 - to fund business expansion:
 - Equipment purchase.
 - New land purchase.
 - Fund succession planning.
- Access to geographic diversification via contra-investing

AUSGROW – PARTICIPIATING NOTE

How it works.

- Farmer identifies a property to purchase or a need to release some equity in existing holdings.
- Farmer decides what % of land value to fund with investor up to 70% of the property value- investor takes a 2nd mortgage.
- Farmer pays a lease rate between 4-8% of property value.
- 10 year maturity with Farmers option to pay out early, or full repayment at expiry.
- Ability to defer lease payments 12 months
- Capital gains are shared in proportion to % ownership.

AUSGROW – PARTICIPTING NOTE

What are the benefits?

- Flexible access to investor capital at potentially higher levels than bank debt.
- Ability to pay structure out prior to maturity.
- Ability to defer the lease payments one year.
- Enables a farming business to fund succession planning.
- No increase in stamp duty liability.

AUSGROW – RURAL LAND FUND

How it works.

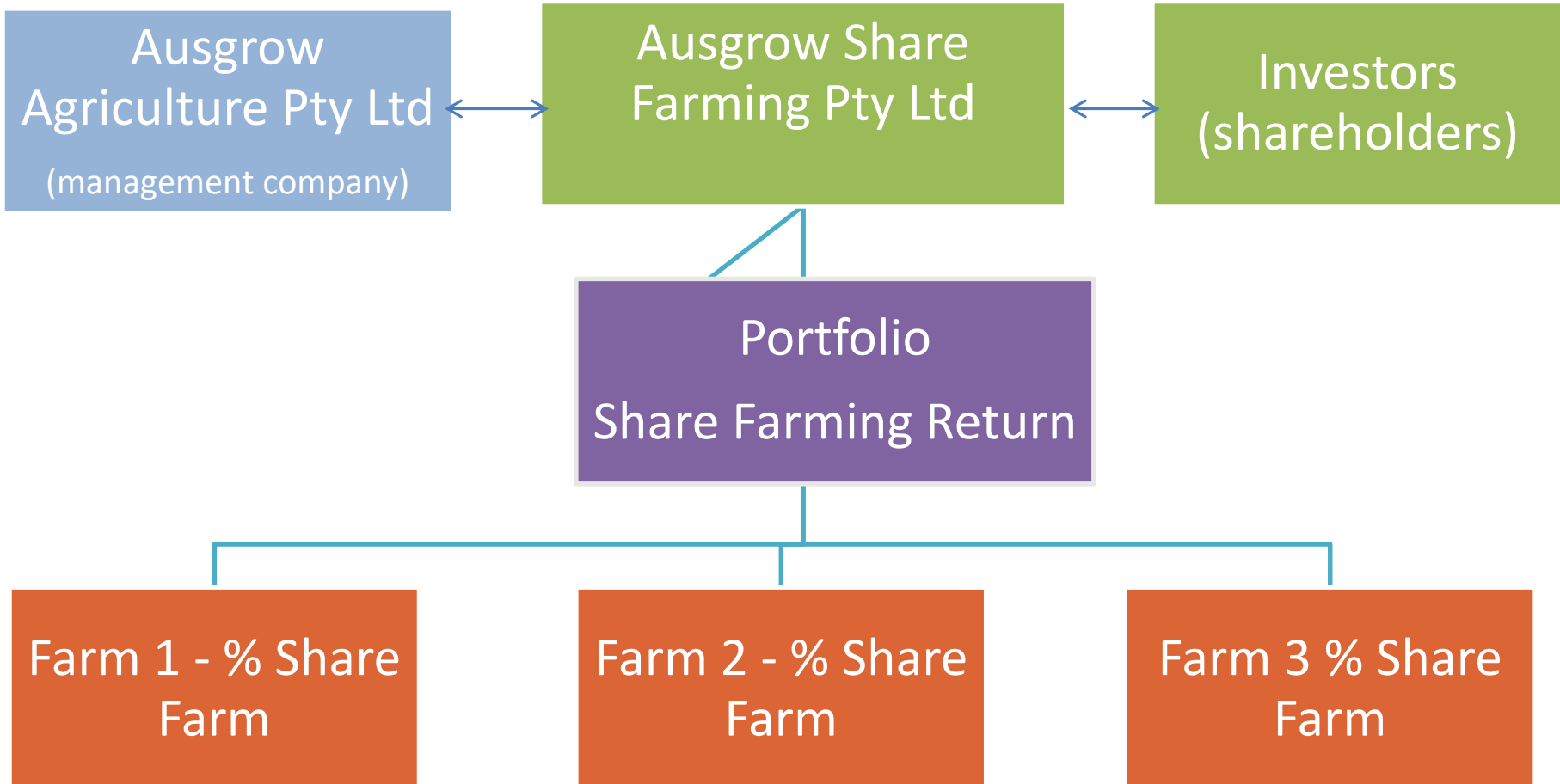
- Farmer/Investor jointly invested up to 85% investor share.
 - Either new acquisition or existing property.
- Farmer pays a lease rate between 4-8% of property value.
- 10 year maturity with Farmers options to purchase either at expiry or prior to expiry.
- Capital gains are shared in proportion to % ownership.

AUSGROW – LAND FUND

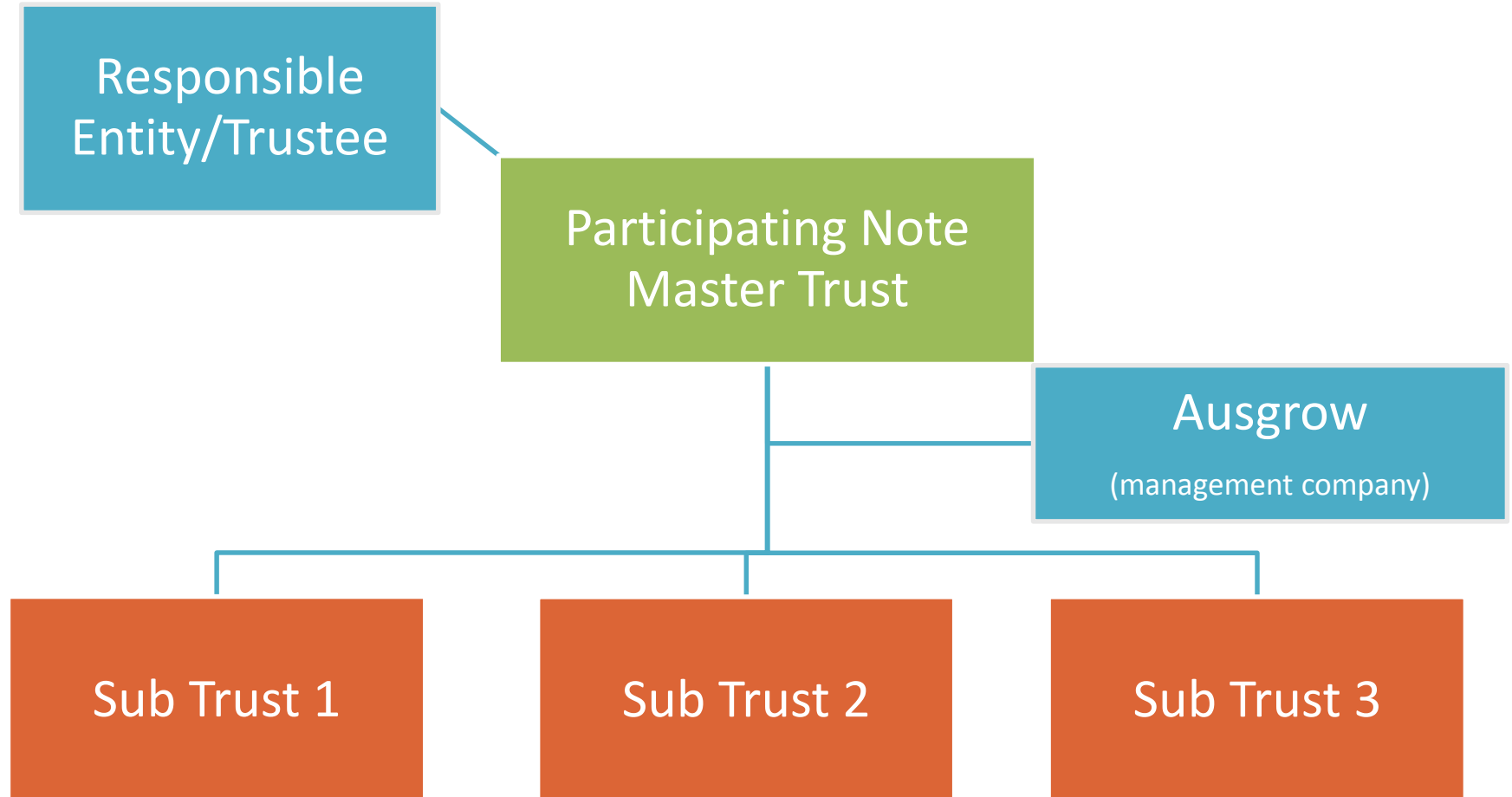
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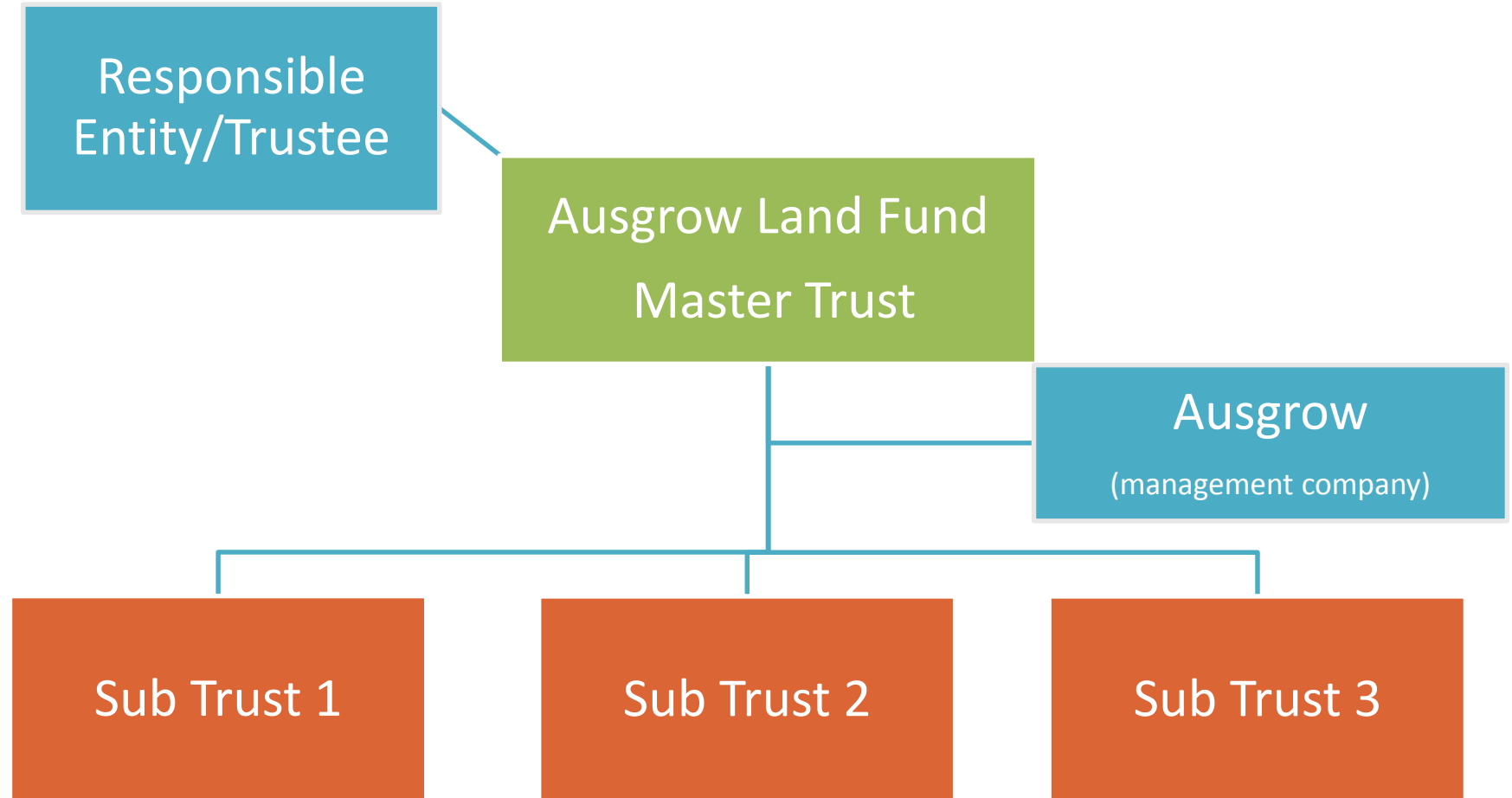
SHARE FARMING – STRUCTURE



PARTICIPATING NOTE – STRUCTURE



LAND FUND –STRUCTURE



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