

Agricultural Investment

Bunjil, Western Australia



Key
Facts

Summary

Opportunity: A innovative alternative investment in Australian agriculture. This exciting opportunity has been created around the Australian Wheat Farming Industry, a market with a long term history of growth and demand.

The Deal:

- > You choose how much you want to invest. (Minimum £10,000)
- > 8 Year Investment Term
- > You receive 60% of net profits with yields expected to be in excess of 12% p.a
- > At the end of term, 100% of the sale price of the land will be returned to you.

Wheat: Australia has an excellent reputation in the international market. It is one of the 4 largest wheat exporters in the world. Over the past 20 years, worldwide wheat consumption has been growing on average at a stable 1% per annum. Total world consumption is around 595 million tonnes per year and is expected to grow over the coming years.

Secure:

- > Australia has an advanced, reliable legal system.
- > Politically Stable
- > Stable Currency
- > Advanced economy and infrastructure.

Cash: Invest from only £10,000 and look forward to 8 years' returns at an expected 12% p.a



Introduction

Certainty of demand is an important ingredient in an investment and there can be few other investments in the world where demand is more certain than wheat. Wheat is one of the most important food staples on Earth and demand is growing as the population rises, its popularity spreads into Asia and as wheat is ever increasingly used for biofuels.

Property Frontiers is now able to offer an exciting wheat based investment in one of the World's most important and productive wheat growing nations: Australia. With this opportunity, investors acquire an area of farm land which is then managed by a leading Australian farm management firm. Returns are generated for the investor through the growth and sale of wheat on their land. Due to the high quality of wheat grown in Australia and the high productivity of the land, it is expected that net yields will exceed 12% per annum.

At the end of the eight year investment period, all the land on the farm will be sold and the sales proceeds returned to each investor. With predicted increases in wheat demand and wheat prices, it is expected that the land will see good levels of appreciation over this period and provide yet a further return to the investor.



Investment Opportunity

The investment is designed to give the investor the maximum possible returns with minimal risks. The client will have the opportunity not only to benefit from an extremely attractive yield, but also from any rise in the value of the underlying asset; the land. The Investment is secured on the land itself thus minimising the level of risk for the Investor.

The Income and Capital Growth Plan works as follows;

- Investor chooses the amount and currency that he/she wishes to invest (subject to minimums, see below.)
- The Management Company will transfer beneficial ownership of the relevant amount of land to the investor. This will also be handled by the UK lawyers who will hold the title to the property during the term of the investment.
- The Management Company will return a minimum of 60% of the net profits to the investor annually.
- The Management Company will receive the balance of the net profits but will only qualify for being paid in years when the Investor receives a minimum of a 12% yield (see below for further explanation.)
- At the end of the term of the investment, the land will be sold and the Investor will receive 100% of the proceeds.
- The investment term is fixed at eight years.

Contributions

The minimum contribution to the Income and Capital Growth Plan is £10,000. Investors may choose to invest greater sums in units of £5,000.

Investors who invest £50,000 or more will benefit from higher returns (70% of net profits rather than 60%)

Returns

Capital

At the end of the term, the land will be sold on the open market and the Investor will receive 100% of the proceeds. Any capital appreciation will depend on the value of the land at this time. As with any purchase of property, there is no guarantee that the value will rise, and it is possible that it will fall resulting in a capital loss. As this is a medium term investment, we consider the risk of the value falling to be minimal.

Income

Investors will receive 60% of the net profits attributable to their land paid on an annual basis in June, with The Management Company receiving the balance. Average returns are forecast to be in excess of 12% annually. The Management Company will only be eligible for payment in years when the Investor receives at least a 12% return. Some Examples follow;

Assume an Investment of £10,000, representing 20 Hectares of land,

If, in year 1 the profit attributable to the 20 Ha is £1,000, the Investor would receive £1,000 (100%) representing a 10% return and The Management Company would receive nothing.

If, in year 2 the profit attributable to the 20 Ha is £1,250, the investor would receive £1,200 (96%) representing a 12% return and The Management Company would receive £50.

If, in year 3 the profit attributable to the 20 Ha is £2,500, the Investor would receive £1,500 (60%) representing a 15% return and The Management Company would receive £1,000.

Please note that the above examples are for the purpose of illustrating the distribution of profits only and are not intended to be an accurate forecast of future performance.

Why Australia?

We have considered many geographical locations across the world as an area for Agricultural Investment products.

The choices range from South America to Eastern Europe and from Western Europe to Australasia with each different country having its own set of advantages and disadvantages.

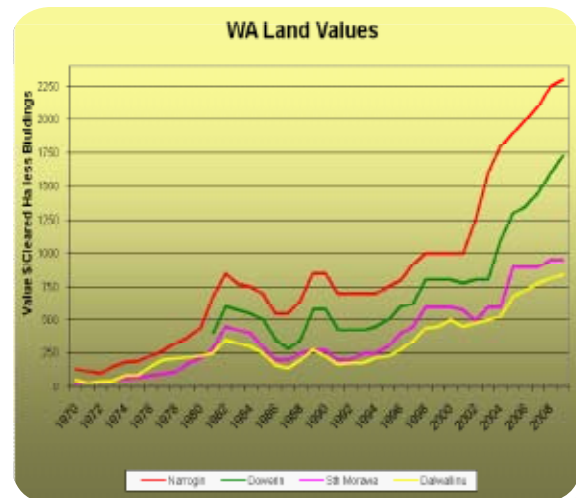
The Australian grains industry is an important part of the Australian economy and farm sector. It is an industry that is worth in excess of AUS \$8 billion. The industry is split into 3 distinct groups, wheat, coarse grains and oilseeds. Wheat is the largest grain crop grown in Australia and production exceeds the other two product groups combined.

The wheat grown in Australia is predominantly white grained. This, together with Australia's strict quality control standards ensures that the reputation it carries in the international wheat market is the amongst the finest in the world, and allows Australia to differentiate its wheat from that of other major exporting countries.

Over the last 20 years, Australian wheat production has averaged at 16 million tonnes per year and in recent years the area harvested for wheat has increased significantly, as well as the average wheat yield per hectare.

Australia remains one of the four largest wheat exporters in the world and its level of exports are essentially determined by wheat production, this level has averaged at around 17 million tonnes for the past 5 years.

It is for the above reasons that we have chosen Australia as the most suitable location for this particular type of investment.



As well as assessing the capabilities of the location for its potential wheat yield, Property Frontiers also has to evaluate the strengths of the country for risk and security and with Australia having one of the most advanced economies in the world we are confident that our clients are as secure as possible.

- **Advanced, reliable legal system.**
- **Political stability.**
- **Stable currency.**
- **Advanced economy and infrastructure.**
- **Advanced, stable market for land.**
- **Economically feasible.**

Why Wheat?

Wheat is the third most produced cereal after maize and rice, it is a staple food used in the production of flour, breads, biscuits, cereal, pasta, juice, and noodles. It is fermented to make alcohol and biofuel, and is used widely as a forage crop for livestock.

It is used as a cash-crop owing to its good yield per unit area, it grows well in a temperate climate in short growing season and produces a high quality flour that is used in the majority of bread making worldwide.

Over the past 20 years, worldwide wheat consumption has been growing on average at a stable 1% per annum. Total world consumption is around 595 million tonnes per year and this figure is expected to continue to grow over the coming years.

An ever increasing world population, rising incomes in the developing world and the increasing use of biomass for energy will fuel an unprecedented growth in demand for wheat. Even with technological and genetic advancements accounting for improvements in production yields, significant increases in acreage will need to be brought into production. According to research undertaken by HighQuest partners:



"Based on our demand projections for a basket of 7 key crops, a minimum of 75 million hectares of land will need to be brought into cultivation by 2015. However, there is only approximately 1.4 billion hectares of land available worldwide, and less than 24 million hectares were brought into cultivation during the 10-year period ending in 2005"

According to the Economist wheat prices are forecast to rise in 2010 by 9.9% over 2009 levels. Owing to the increasing demand from the Eastern developing economies, where the population is moving from predominantly rice to more wheat-based diets (seven kilograms of grain is required to produce one kilogram of beef). However, more recently one of the major drivers affecting wheat prices is the movement to biofuels. In 2008, a third of corn crops in the US are expected to be devoted to ethanol production.

Next Steps



To reserve a unit please contact your consultant.

 01865 202 700

 info@propertyfrontiers.com

for mortgage information please contact

 info@frontiersfs.com

Enquiry Form

Agricultural Investment, WA, Australia

If you would like to speak to a consultant to discuss this Agricultural Investment in more detail, please complete and return this form. When you view the form on a computer, you can type directly into the text fields, or select options with the mouse, before either submitting electronically, or printing and sending to us by post or fax.

Property Details

Unit Type (if known)

Do you intend to purchase
using a Mortgage?

 Yes

 No

Would you like to be contacted by Frontiers Financial
Services to discuss your mortgage requirements?

 Yes

 No

Personal Details

Please write clearly in block letters and black ink

Full Name

Date of Birth

Country of Residence

Gender (please circle)

 Male

 Female

Address

Post Code

Phone

Mobile

Email

Fax

Nationality

Occupation

Having completed the form you can [submit it electronically](#) by clicking the 'Submit Form' button on the left. Alternatively, print it out and either post it to [Property Frontiers, 102-104 St Aldate's, Oxford, OX1 1BT](#) or fax to [01865 244 466](#).