

THE **RESORT** AGENCY

AUSTRALIAN AGRICULTURAL INVESTMENTS



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Introduction

The Resort Agency and its Partners presenting this offer, are aware that in the present challenging economic conditions, people have no appetite for risking hard-earned capital, yet at the same time, it is imperative that what capital they do possess, be kept working as hard and productively as possible. With these considerations in mind, The Resort Agency are pleased to recommend the following innovative investment products that provide maximum built-in security in addition to impressive potential returns. These are achieved through a combination of initiatives, including the protection of capital through the bond markets ; utilisation of UK solicitors for handling Client funds; in-depth due diligence carried out by independent experts and only putting our Clients' money to work in areas where we are confident that it will create assured value.



Our agricultural investment products are not based on the latest “super-food-natural-nut-oil” type projects that are becoming commonplace, nor are they based in some politically unstable corner of the globe suffering from hyperinflation and civil war. The Resort Agency and their partners, offer a range of exciting opportunities that have been created around the Australian Wheat Farming Industry. This is because we are confident that the demand for wheat will be there for the foreseeable future and is likely to continue rising. Furthermore, we know that when we acquire land for our clients in Australia we are able to do so with 100% confidence in the title of ownership and the Australian Legal System.

The Resort Agency proposes two types of Agricultural investments;

Secure Income Plan

The Secure Income Plan (SIP) is for the very cautious investor who wants the minimum exposure to risk and a fixed exit strategy yet at the same time also wants his/her money to be working hard to provide an attractive yield.

The SIP provides 80% Capital Protection for our clients through a bond issued by a UK Bank (the other 20% of investment capital is secured by the land itself). By using the bond, the SIP is able not only to provide Capital Protection but also a fixed, pre-defined exit strategy.

This option is currently available in either Sterling or Euro.



Income and Capital Growth Plan

The Income and Capital Growth Plan (ICGP) is for the investor who is prepared to assume a little more risk in return for not only significantly higher yields, but also the opportunity to benefit from Capital Growth at the end of the investment term.

The ICGP does not have the Capital Protection element of the SIP, but the client's investment is still secured on the land itself thus providing a high level of security. By investing through the ICGP, the client is able to acquire the land at an advantageous rate which provides significantly higher yields than the SIP as well as the opportunity for Capital Growth at the end of the fixed term.

The ICGP is currently only available in Sterling.

Secure Income Plan

The Secure Income Plan is designed to give the Investor peace of mind at the same time as providing attractive yields normally only possible by investing in products with much higher levels of risk. Investors are able to put their money somewhere where it will work hard for them and, at the same time, have the peace of mind of knowing that those funds are secure.



The Secure Income Plan works as follows;

- Investor chooses the amount and currency that he/she wishes to invest (subject to minimums, see below.)
- The Resort Agency through their partners, lodge a UK High Street Bank bond with the UK lawyers which will cover 80% of the amount invested. This bond will be held in trust for the investor by the lawyers during the term of the investment. The bond will have an S&P/ Fitch bond credit rating of not less than A/A
- Beneficial ownership of the relevant amount of land will then be transferred 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 Resort Agency through their partners, will return 90% of the net profits to the investor annually.
- At the end of the term of the investment, the investor will have 100% of his initial investment returned to him. This will be funded by The Resort Agency's partners through the sale of the land, the sale/redemption of the bond, or a mixture of both.

Contributions

The minimum contribution to the Secure Income Plan is €16,000 for those Investors who choose to invest in Euros. Investors may choose to invest greater sums in units of approx €8,000.

For Investors who choose to invest in Euros, the covering bond will also be denominated in Euros, thus eliminating any currency risk during the term of the investment.

For investors wishing to invest in Sterling, the minimum contribution will be £16,000. Investors may choose to invest greater sums in units of £8,000.

For Investors who choose to invest Sterling, the covering bond will also be denominated in Sterling, thus eliminating any currency risk during the term of the investment.

Returns**Capital**

There is no capital growth aspect to The Secure Income Plan. Investors will simply receive 100% of their initial investment back at the end of the term

**Income**

Investors will receive 90% of the net profits attributable to their Land paid on an annual basis in June. Average returns are forecast to be 7.1% for Sterling investors and 8.1% for Euro investors. Returns will fluctuate depending on the success of the crop, wheat prices, and production costs and have been forecast using estimates of experts.

Term

The investment term is fixed at eight years.

Income and Capital Growth Plan

The Income and Capital Growth Plan is designed to provide the Investor with the maximum possible returns with minimal risks. Unlike the Secure Income Plan, the Investor 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 that he/she wishes to invest (subject to minimums, see below.)
- The Resort Agency's partners will then 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 plan will then return a minimum of 60% of the net profits to the investor annually.
- The Resort Agency's partners managing the scheme, will then receive the balance of the net profits, however they will only qualify for being paid in those 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.



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 scheme administrators receiving the balance. Average returns are forecast to be in excess of 12% annually. The scheme administrators shall however only be eligible for payment in years when the Investor receives at least a 12% return. Some Examples follow;

Assume an Investment of AUS\$ 20,000, representing 20 Hectares of land,

If, in year 1 the profit attributable to the 20 Ha is AUS\$ 2,000, the Investor would receive AUS\$ 2,000 (100%) representing a 10% return and the scheme administrator would receive nothing.

If, in year 2 the profit attributable to the 20 Ha is AUS\$ 2,500, the investor would receive AUS\$ 2,400 (96%) representing a 12% return and scheme administrator would receive AUS\$ 100.

If, in year 3 the profit attributable to the 20 Ha is AUS\$ 5,000, the Investor would receive AUS\$ 3,000 (60%) representing a 15% return and scheme administrator would receive AUS\$2,000.

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.

Term

The investment term is fixed at eight years.

Why Australia?

The Resort Agency and their partners had considered many geographical locations across the world as a base for its Agricultural Investment products.

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

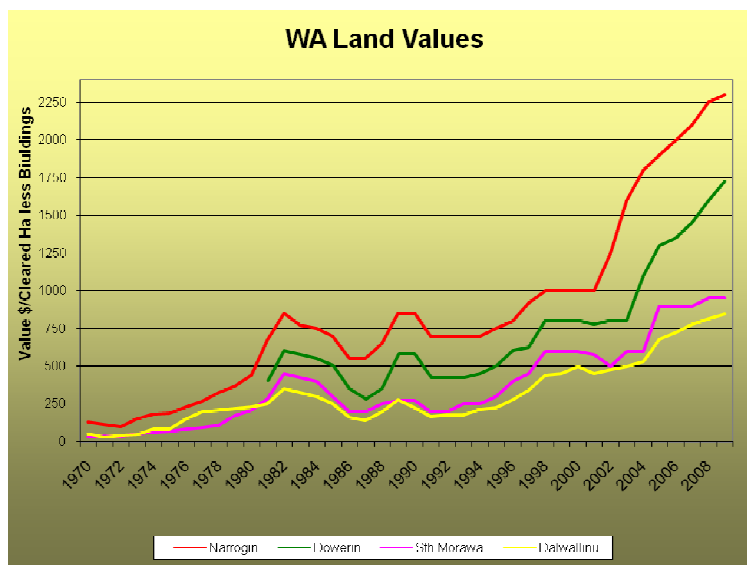
One of the key concerns governing the decision, was the security of the product, and it was with this in mind that Australia became the country of choice for this offering – able as it was, to fulfil all of the following criteria :



- **Advanced, reliable legal system.** Australia has an advanced legal system based very closely on English Law. This is of utmost importance when purchasing land in a foreign country as a Client needs to know that he/she is 100% sure to be actually getting true title to the land being purchased. The Client also needs to have confidence that the situation will remain stable and that his/her land is not at risk of being snatched by the governing power.
- **Political stability.** Australia is a modern democracy with a political structure very similar to that of the UK and as such does not carry any of the inherent risks attached to other less politically developed farming countries. These can include potential changes in economic policy, such as export tariffs, and also political instability that could threaten property ownership or transport. Australia is not in a war zone, nor is it under threat of invasion or at risk of a military coup.
- **Stable currency.** Australia benefits from an economy that is both advanced and stable. There are also no foreign exchange controls and the Australian Dollar can be freely traded on World Currency markets. And the types of hyperinflation that can render some currencies (and therefore assets such as land within those countries) virtually worthless is also unknown in Australia.

- **Advanced economy and infrastructure.** Australia is a technologically advanced modern country with excellent infrastructure. It is well positioned to benefit from technological advances in the Farming industry. Australia also has a modern, efficient transport infrastructure which ensures being able to get supplies such as fertiliser, as well as labour & machinery to site, whilst being able to transport the harvested crops to market.

- **Advanced, stable market for land.** Australia is no newcomer to farming and it does not have millions of acres of rainforest available to clear to create new arable land. For these reasons, amongst others, the market in farmland is well established and the graph below prepared by Farmanco shows that these land values have been rising steadily over the last 40 years.



- **Economically feasible.** Despite meeting all of the above criteria, Australia also provides excellent value for money when purchasing farmland. Labour and transport costs are also low which means that the yields on the land in relation to the purchase price are remarkably high.

Why Wheat?

The choice of agricultural type investments is growing by the day. Barely a month passes by without someone claiming to have found the next “wonder-crop” which will grow in the middle of the desert, cure cancer, extend life, save the planet, and make returns of 400% per year for investors. In addition, Investors are presented with opportunities to invest in any number bushes, shrubs or trees - all of them offering the promise of wondrous returns.

Why then, should we opt for something as unadventurous as wheat, as an investment opportunity ?

The answer is twofold : geography and security.

Geography

We believe that one of the most important factors to consider with this kind of investment is the geographical location of the assets being purchased. For reasons already outlined, Australia offers investors an ideal location in terms of the asset, and furthermore an ideal location in terms of climate, soil, scale, costs, productivity, yields, expertise, access etc., plus robust and consistent demand for the product.



Security

Whilst there are certainly other more “exotic” agricultural investment products on offer, The Resort Agency and its partners have chosen to concentrate on the security of the investment, and there are several factors to consider when determining this aspect of an investment :

• **Is there a guaranteed, established market for the product ?**

If you are producing a staple foodstuff such as wheat, the answer is evidently “Yes”. The current world shortage of staple foods combined with an ever-increasing world population ensures that there will always be demand for wheat. Furthermore, the simple laws of supply and demand suggest that prices will tend to rise over the long term. Whereas many of the new, exotic agricultural investments coming onto the market are based on some kind of “super fruit/berry/nut” etc., with special properties and the promise of spectacular potential returns, there are clear risks associated with these wonder crops, given that they tend to neither have established nor proven markets for the end product – and such is the fickle nature of the ever-changing ‘fad’ food and health industries, that there is ultimately no guarantee that demand will be there in the long term. Other products currently on offer, are built around a model that relies on the establishment of a worldwide regulated Carbon Offset/Credit market. Whilst this may well come to pass at some point in the future, it is our belief that the sheer number of imponderables, that still surround such offerings, make for an unacceptably high level of risk.



• **Is there an underlying asset securing my investment?**

With these Agricultural Investment Products the answer is “Yes”, in fact some come with complete Capital Protection. In this section we will concentrate on why there is an underlying security with Wheat as opposed to some other products. Simply put, the underlying security with these products is the land itself on which the wheat grows. All of our products involve the Client actually owning the land rather than leasing it. We also only use existing, working farms with a proven track record and a verifiable value based in part on crop yields and therefore providing verifiable metrics to justify the underlying value of the land asset itself.

As outlined elsewhere, in the “Why Australia” section, we furthermore have good reason to believe that the value of that land will continue to appreciate in value.

And should disaster befall a harvest (e.g. drought or disease) causing a total crop failure, all that would in fact have been lost, would have been that year's crop. The land would still be there, as would the demand, and the opportunity to try again next year.

On the other hand, if an owner had for example, invested in the planting of some kind of 'super berry' producing bush that grew in the desert, where 100% of the value of the investment lay in those plants, a similar scenario would simply leave that same investor saddled with a patch of desert of little or no value (and which in many cases, was probably only leased, anyway).

It is for the foregoing reasons that we and our partners have created our Agricultural Investment Products around a staple and stable crop farmed on proven land with a verifiable underlying value.



Investing With Confidence

We appreciate that Clients need to have faith in a product before being able to invest in it. Indeed this should be one of the most important factors in the decision making process. To which end, The Resort Agency and its partners have put in place every possible safeguard in order to ensure peace of mind. This includes simple, practical measures, such as having UK lawyers confirm title to the land and handling all client money, as well as installing more complex measures such as the Capital Protection built in to some of our products.



Security of Funds

In order to give our Clients complete peace of mind and total confidence when investing, the services of HilliersHRW Solicitors LLP will be engaged for settlements..



Under the terms of the Land Purchase Agreement, all monies will be sent directly by the Client to HilliersHRW in escrow.

The HilliersHRW's escrow letter then forms part of the Land Purchase Agreement and ensures the Client gains beneficial ownership of the relevant land. And client funds will remain in escrow with the solicitors until such time as the terms of the Land Purchase Agreement have been met. (See escrow letter for more details).

Ongoing Management

In order to ensure that your investment is looked after in the best possible way, we offer the Investor the option of choosing between three highly qualified farm managers who will then be responsible for the complete management of his/her Land, thus ensuring maximum possible returns.

The Investor may choose to change managers at any time.

Risks

The Resort Agency and their partners have gone to considerable lengths in order to eliminate as much risk as possible from its Agricultural Investment Products. Some risks however, cannot be totally removed.



Exchange Rate Risk

The underlying investment asset is valued in Australian dollars. Thus for people investing in another currency, such as Euros or UK pounds, there is risk associated with fluctuations in the exchange rate from the time of making the investment and the time of receiving the returns. If the Australian dollar falls, the Investor loses; and if it rises, the Investor gains.

However note that this exchange rate risk only applies to 20% of the investment capital of Clients investing in the Secure Income Plan.

Agricultural Risk

The price of farmland generally reflects its financial yields, which in turn is the multiple of the crop yield per hectare and the price of the crop. Crop prices are subject to short-run fluctuations and long-run trends; and it is the long-run trends that affect farmland prices. Although the past year has seen huge fluctuations in crop prices, partly caused by speculation, there is general consensus that the long-run trends are upwards, because the global population is rising whilst the stock of farmland is largely fixed.

Political Risk

Agriculture in some countries is subject to various political risks. These include potential changes in economic policy, such as export tariffs, and also political instability that could threaten property ownership or transport. The political culture in Australia is very similar to that of the UK, so that political risks would appear minimal.

Legal Matters

Ownership

Each Investor acquires beneficial ownership of an area of land according to the amount s/he contributes. This means that legal title to the land remains with The Resort Agency's Partners who will hold the land in trust for the Investor. This legal arrangement is equivalent to legal title in terms of the rights of the Investor and is enforceable in both English and Australian law, but at the same time provides the investor with the benefit of flexibility and also carries no legal costs.

Investment process

The Investor, or the Investor's agent, needs to complete a simple Land Purchase Contract. The Investor then remits a Contribution as the Land Purchase Contract instructs according to the amount of Land desired.

Law

English law

The contracts with The Resort Agency's Partners state that English law governs the contracts, and that they and the Investor agree in the event of any dispute to submit to the English courts. This means that, although the land is situated in Australia, the contracts themselves fall entirely within the governance of the English legal system

Australian law

In the unlikely event of any dispute arising with third parties regarding the title to the land or matters relating to rights over the land, the dispute would be settled within the Australian law. This is based on English law, which to all intents and purposes in matters relating to property, is virtually identical to English law. So Investors can have the same confidence as if they were purchasing land in England.



Regulation

This investment is not a Collective Investment Scheme under s235 of the Financial Services and Markets Act 2000. This is because the Investor owns a particular piece of land, has entered a separate contract for its management, and has determined through the contract the date of sale; so there is no collective management. Hence the investment is not subject to regulation under or authorization by the Financial Services Authority.

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