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AGRICULTURAL MANAGEMENT COMPANY (AMC)

Corporate Profile

June 2010

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1 AGRICULTURAL MANAGEMENT COMPANY**1.1 WHO WE ARE**

Agricultural Management Company (AMC) is a specialist company that provides management and advisory services to investors in the agricultural industry, within Australia and overseas. The company has three operating divisions:

- AMC Management;
- AMC Consulting; and
- AMC Corporate Solutions.

**1.2 AMC MANAGEMENT**

AMC is contracted to manage farming/agricultural businesses on behalf of a wide range of agricultural investors and our management portfolio is located throughout Australia, Papua New Guinea and Brazil. We also have consulting and advisory experience in South East Asia, the Pacific Islands, Africa and South America.

Under contract to our clients, we develop and manage agricultural/farming assets, which include the farmland and the farming operations conducted on it. Our management service covers livestock, broadacre cropping and horticulture. AMC's expertise is in the management of large scale, geographically and commodity diverse agricultural enterprises.

AMC assists investors in the agriculture sector. Our life cycle approach to clients' business includes entry strategy, strategic agricultural portfolio development, best practice management of agricultural and farming operations and exit mechanisms to maximise returns.

1.3 AMC CONSULTING

AMC has a dedicated consultancy and research division. AMC provides consultancy services to a wide range of clients including primary producers, agricultural investors, mining and coal seam gas companies and indigenous owned organisations. Consulting work includes due diligence, feasibility studies, business planning, commercial reviews, sector analysis and strategic planning. The AMC Consulting division provides support to the Management and Corporate Solutions divisions as required.

AMC's research team produces the *Rural Investor Outlook* and the *Australian Grazing Property Index*, which are distributed to clients and industry participants throughout Australia and overseas.

1.4 AMC CORPORATE SOLUTIONS

AMC Corporate Solutions offers agricultural investors a holistic service including concept advice, strategic planning, structuring, implementation planning, performance reviews and portfolio management. The Corporate Solutions division aims to combine the agricultural experience of AMC with the finance and investment expertise of the Corporate Solutions team and AMC's work to date. This division is a value-add to AMC's Management and Consultancy divisions with the aim of providing 'whole-of-life' solutions to agricultural investors.

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1.5 COMPANY HISTORY

September 2009 saw the creation of AMC with the purchase of the agricultural management and consulting services of Rural Management Partners (RMP) and Carthona Agriculture (Carthona).

RMP and Carthona have a long history, track record and reputation in management of agricultural businesses throughout Australia and overseas. The companies had also undertaken a significant amount of consultancy work throughout internationally and throughout Australia. The majority of this work was for corporate investment clients.

Chris Evans and RMP have provided agricultural management and consultancy services in Australia and internationally for many years. Although a relevant newcomer to the corporate agricultural space, Charlie Blomfield of Carthona shares RMP's vision and commitment to best practice agricultural management systems that optimise investor returns from agricultural investments. Carthona has rapidly built a reputation for innovation in the industry and has lead the charge in developing and implementing new agricultural planning and management tools, e.g. in the areas of pastoral development, carbon emissions and the water markets.

Both RMP and Carthona have been active in the private equity and institutional investment area and have developed strong networks of investor groups, individuals and agricultural asset owners. The combined power of the company's networks means AMC can better match asset owners to new sources of capital, and investors with good quality agricultural assets and businesses. The merger will allow a greater exposure for high potential Australian agribusiness assets amongst overseas funds managers looking for investment vehicles in Australia.

AMC's acquisition of RMP and Carthona included all of its management systems and intellectual property. RMP and Carthona's staff also transferred across to AMC.

1.6 GLOBAL OPERATIONS

AMC's business is influenced by global trends, namely a new wave of investment in agriculture from both private and institutional funding sources. AMC operates in the global market and provides management and advice to agricultural investors throughout the world. AMC's global experience is shown in Figure 1.

Figure 1: AMC Global Experience



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1.7 DRIVING RETURNS IN AGRICULTURE

The Australian agricultural industry has a reputation for being an industry best practice producer and is a major player in many of the world agricultural commodity markets. The competitive advantage of the industry has been achieved in (often) challenging and adverse climatic conditions. Perhaps as a result of these hurdles, Australian top performing producers are known for innovation and staying ahead of the game, in terms of continually striving for productivity growth and value enhancement in their agricultural assets. AMC's management

experience and systems had its origins in Australia so we have had the benefit of that country's experience. By combining this Australian experience with our experience gained overseas and the natural advantages and resources of other countries, AMC is able to deliver on investor's return objectives with respect to a range of agricultural investments across the globe. We consider Australia is well positioned to continue to lead many productivity gains in agriculture and that this applies equally to other major agricultural producing countries.

1.8 PRODUCTIVITY

Farm surveys conducted by the Australian Bureau of Agricultural and Resource Economics (ABARE) show that the agriculture sector achieved real productivity gains of approximately 2.5% p.a. over the past 25 years, outperforming most other sectors in the economy. Further, ABARE identifies a large gap between marginal performance, average performance and those farmers operating at the top end. Farms with the higher productivity gains have been able to cancel out the effects of declining terms of trade and achieve returns commensurate with the traditional asset classes such as equities and property.

The elements of a farm business that must be managed in a way to drive continuous improvement in productivity are:

- Production systems;
- Sales and marketing;
- Land management;
- Water management;
- Climate change;
- Portfolio structuring and specialisation;
- Infrastructure;
- Human resources;
- Local community;
- Domestic and global markets;
- Workplace Health & Safety;
- Financial management and investment management; and
- Business performance monitoring and continuous improvement.

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1.9 SCALE

Farm surveys show that productivity growth in the agricultural industry is closely related to size, with the largest one third of farming businesses enjoying strong productivity growth, in contrast to the smaller two thirds who have had little or no improvement.

Critical scale can be improved through expansion and/or consolidation of a portfolio of properties in a regional cluster or the development of a portfolio of farming properties in geographically diverse locations. The former model can enable more efficient utilisation of labour and farming plant and equipment, while the latter model can assist greatly in the management of climatic risk.

At a threshold scale of operation, corporate agricultural businesses can afford to employ specialist expertise in a myriad of disciplines such as livestock husbandry, agronomy, land development, irrigation design and development, marketing and investment planning, to cite just a few examples. Access to this range of specialist skills can only be achieved cost effectively through scale and it is these specialist skills that contribute to above average industry performance.

The AMC management model captures both the innovation that drives productivity growth and scale benefits that drive efficiencies and effectiveness of agricultural management. The following sections show how the AMC management system operates in practice.

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2 ELEMENTS OF THE AMC MANAGEMENT SYSTEM

AMC provides clients with holistic solutions backed by unparalleled agricultural expertise, proven quality assured systems and procedures, an active management approach and rewards based fee structure (Figure 2). This unique service offering is tailored to each client to ensure that objectives and goals are achieved.

Figure 2: Elements of the AMC Management System



Section 3 details each of these key elements of our management system.

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3 ACTIVE MANAGEMENT**3.1 PHILOSOPHY**

AMC's management model delivers on:

Strategic thinking, combined with rigorous analysis and evaluation, to develop the appropriate strategy, operations plans and budgets:

- How is the business performing?
- Why is it performing at this level?
- How can it improve?
- What strategies are required to achieve significant improvements in performance?
- Strategies are converted into realistic and workable plans and targets.
- Execution of the plan, and getting it done, this requires:
 - Active, "hands on" management;
 - Extensive experience in the agricultural industry, both at the corporate and operations level; and
 - Corporate processes and systems that enable the operations to be managed cost effectively and in a manner that can be monitored, measured, reviewed and reported.

Combined with active leadership that:

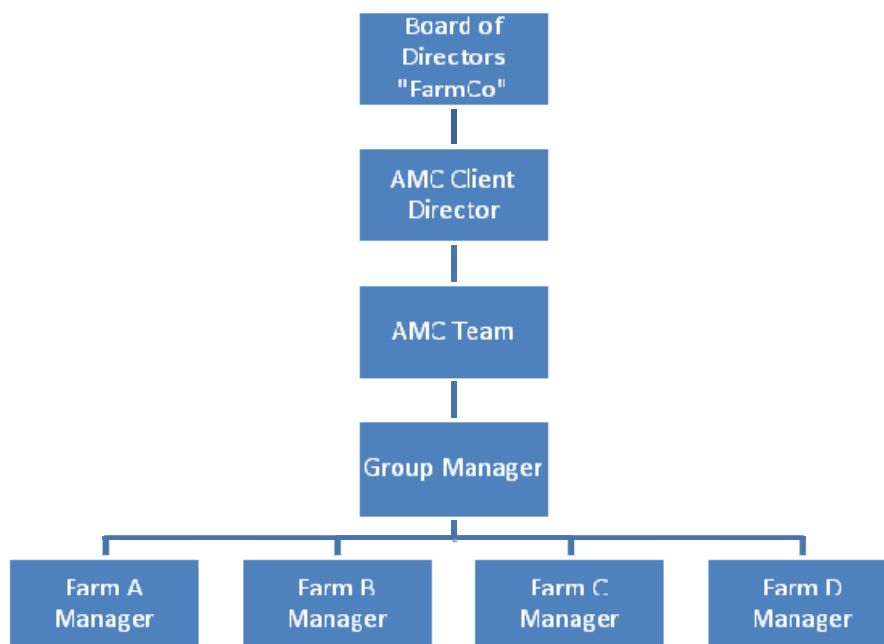
- Leads and manages the diverse farming programs that are required to lift returns;
- Is a change agent – i.e. is committed to the necessary changes to management and operations to facilitate the improvements to production performance for example; and
- Is committed to the term of the fund/project that is required for the investor to achieve its returns.

3.2 MANAGEMENT MODEL

When a client engages AMC to manage its agricultural investments, the client gains access to a dedicated team who will:

- Actively lead the management and decision making regarding the agricultural investment portfolio; and
- Ensure that the agricultural investment portfolio delivers in accordance with the client's investment objectives.

AMC manage integrated asset portfolios and/or single businesses as shown in Figure 3 and Figure 4 below.

Corporate Profile**Figure 3: AMC Management Model – Integrated Portfolio (“FarmCo”)****Figure 4: AMC Management Model – Single Property (“FarmCo”)**

AMC reports directly to the Board of Directors or nominated representative for the Owner and is responsible for the direction and management of all staff involved in the day-to-day running of the business. Where the client owns an integrated portfolio of properties, it is often advantageous to structure the business with Group Managers who provide day-to-day supervision of the individual farm business and report to AMC – these Group Managers would be organised either on geographic or production lines. Where it is not efficient, or appropriate, to employ Group Managers, then farm property managers report directly to AMC.

3.3 ROLE OF AMC

As the Asset Manager, AMC is responsible for:

- Business analysis;
- Strategic and business planning;
- Preparation, implementation and oversight of all Operating Plans and Budgets;
- Implementing systems and procedures for the proper conduct of the business and ensure good corporate governance;
- Financial administration;
- Management reporting to the Owner; and

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- Ensuring the agricultural business is operated in such a way to deliver the specified investment objectives of the Owner.

The specific aspects of this role are detailed in the following sections “Agricultural Expertise” and “Systems and Processes”.

Figure 5: AMC Agricultural Systems & Processes Expertise



3.4 HOW THE AMC AGRICULTURAL INVESTMENT MANAGEMENT MODEL WORKS

AMC appoints a dedicated Client Director, as shown in Figure 2 on the previous page, who leads the activities of the AMC management team in head office and the “on farm” staff. The Client Manager is also the principal liaison between the Client and AMC.

3.5 CLIENT DIRECTOR

The Client Director is a highly experienced individual who has a background in corporate agriculture and is able to fulfil the following responsibilities of the position:

- Reporting to the client and being the key client contact;
- Co-ordinating and managing the AMC resources team so as to properly inform and guide the activities of the on-farm operations staff and deliver on the client’s objectives; and
- Co-ordinating and managing the operations staff on property, including the Group manager where applicable, in the day to day running of the businesses.

3.6 AMC AND THE CLIENT

The Client Director is responsible to the client and is the key communication link in all matters relating to the business. The level and nature of exchange will vary according to the level of delegated authority from the Owner to AMC in the management of the business.

The Client Director will communicate through a combination of regular verbal exchange as well as an agreed program of reporting (usually monthly) in accordance with an agreed template and detailed in the management contract. Monthly reports provide concise relevant information relating to progress against the plan and budget for key production and financial KPIs, farm operations activity, market outlook, issues and opportunities arising and actions to be taken. Mechanisms are set in place for the engagement with the client, strategy review and responses to recommendations. Often this is facilitated through regular face-to-face meetings – usually on a quarterly or six monthly bases. The section “Systems and Processes” provides more information on reporting and documentation.

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3.7 AMC'S MANAGEMENT TEAM

AMC's resources group supports the Client Director – each member contributes his/her particular skills to the overall management of the agricultural business. These skills may include strategy, analysis and evaluation, production, marketing, finance and administration. In instances where an agricultural business requires a particular technical expertise, e.g. the design and construction of a higher efficiency irrigation system, AMC has a register of preferred consultants and suppliers who are contracted for specific specialist tasks.

AMC's expertise is in the management of large geographically and commodity diverse agricultural enterprises. Accordingly, AMC's staff and network of specialist associates are employed to focus upon differing elements of the farming operation. Our Group management model integrates the various specialisations under the direction and supervision of the AMC Client Director, who in turn also manages and supervises the Group/Farm Manager, responsible for the implementation of day-to-day operations. Therefore, AMC clients have access to a wide range of specialist input to their farming business, regardless of the scale of their operation.

3.8 AMC AND THE "ON FARM" STAFF

AMC is a "hands on" manager and so the Client Director is also responsible for directing and overseeing the activities of the day-to-day farm operations. This involves positioning AMC trained personnel in senior management positions on the properties and implementing management systems that flow through to our head office in Brisbane (Australia). The selection of supervisory personnel, who are experienced in large-scale agricultural operations and have proven management ability, is critical to the success of this approach.

This ensures the AMC management philosophy drives the business as well as ensuring scale and efficiency is maximised. AMC recruits suitable persons to the senior positions of Group Manager and/or Farm Manager. These positions are staffed 'in country' for farm portfolios and "on property" for all farm management staff. Group managers are usually located proximate to the properties they oversee – the majority of their time is spent travelling from property to property monitoring and reviewing operations.

Group managers and senior farm staff are provided with:

- An intensive induction period following their appointment to ensure they understand and are committed to:
 - Owner's objectives;
 - Agreed business plan and associated operations plans and budgets; and
 - AMC systems and processes for day to day operations.
- Regular (at least annual) AMC training seminars, which facilitates knowledge transfer for all relevant aspects of the business; and
- Ongoing development through the AMC HR Performance Review and Assessment system.

Head office staff regularly visit properties under management to monitor and review progress against the plans. This ensures the AMC management philosophy drives the business as well as ensuring scale and efficiency is maximised and investor targets are on the path to being met.

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3.9 ACCOUNTABILITY

The best Strategic Plan is nothing without a culture of 'execution'. AMC has a system of communication, review and accountability from the Managing Director through to farm staff to ensure plans are followed, reviewed where necessary and ultimately investor returns are delivered. Accountability is embedded in our systems and processes which are described in Section 6.

3.10 BENEFITS OF THE AMC MANAGEMENT MODEL

Our management model has several benefits:

AMC's operations management experience is consistent with active management approach favoured by many investors. By utilising the skills and experience of AMC, the investor/owner can mobilise resources much more quickly in developing the best strategies and plans for the agricultural portfolio and progress into implementation.

Human nature suggests that there is the potential for farm staff to be suspicious of a corporate investor owner who they could perceive as having limited experience and knowledge in their industry. This is a particular threat when significant changes to the business and culture are to be implemented. With a known and trusted Manager such as AMC providing the day to day management expertise, farm staff can more easily and effectively be brought into the changes that are designed to increase the scale, productivity and efficiency of the operations. AMC has experience in managing non Australian operations and also businesses owned and staffed by indigenous interests – we are sensitive to cultural issues and can effectively engage with and work with local staff.

The group-wide resources of AMC are able to bring to the Client a wide range of specialist skills that are not usually present within an investor's organisation and are usually only available to high cost corporate agricultural and pastoral houses. Outside the dedicated client management team are a range of AMC specialists who can be accessed at various times. The client can access these skills much more cost effectively than employing a full time dedicated team with the requisite skills.

AMC directly works within the agricultural industry. On this basis, AMC's activities are fully aligned with clients in the investment industry or indeed anyone looking to achieve a return from their investment in agriculture.

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4 AGRICULTURAL EXPERTISE**4.1 DIVERSITY OF SKILLS AND EXPERIENCE**

While many elements of farm operations are common across commodity sectors and locations, there is also a considerable diversity of skills and experience required due to:

- A wide range of commodity specific production systems for livestock and cropping enterprises;
- Diversity within farms – i.e. where there is the possibility of switching production from one commodity to another;
- Participation of the farm within the full value chain – e.g. many farming businesses operate outside the farm gate with own processing, distribution and other value adding activities under its control, at its extreme, a paddock to plate approach; and
- Particular characteristics specific to location – e.g. soils, vegetation, climate, hydrology, supporting infrastructure, political environment etc.

Through its people, AMC has the diverse knowledge and experience to manage a wide variety of primary producing enterprises across the globe. Some of the common skills and experience we are called upon to deliver in our management service are described below.

4.2 PRODUCTION SYSTEMS**4.2.1 Livestock**

AMC's livestock production systems are second to none, particularly in the cattle and sheep sectors. AMC develops and manages animal husbandry programs that are specific to the particular needs of the livestock enterprise. Our animal husbandry programs include the following elements:

- Appropriate breed selection;
- Genetic improvement program and individual animal selection;
- Gene marker assisted breeding;
- Herd productivity plan – conception, calving, weight gain, mortality;
- Disease and pest management;
- Feed management through:
 - Grazing management, i.e. matching animal requirements with climate and pasture and application of appropriate stocking rates;
 - Increased use of fodder crops and fodder conservation – i.e. on farm production of hay and silage;
 - Feedlotting where the financial benefits are established; and
 - Attention to nutrition and the use of supplementation
- Improved pasture and herd management through optimal fencing, positioning of waters, stocking rates and mustering techniques; and

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- The use of livestock traceability systems beyond being a management compliance requirement to an important farm/herd management decision-making tool.

4.2.2 Cropping

AMC's Operations Team has the skills and experience to plan and implement all aspects of a cropping production system, both for irrigated and dryland cultivation, in the grains, cotton and horticulture (fruit, vegetables and nuts) sectors. AMC plans and implements all aspects of the cropping operation including:

- Land preparation;
- Planting;
- Cultivation;
- Fertilisation and fertigation;
- Pest and weed control;
- Disease management;
- Harvesting; and
- Crop rotations.

In all cases, AMC aims to optimise the crop production practices through the use of appropriate technologies and innovations such as zero/minimum tillage, use of high yield/water efficient varieties, etc.

4.3 LAND MANAGEMENT AND DEVELOPMENT

AMC aims to manage farmland at an optimal and long term sustainable level. In so doing, we continually monitor and investigate new development or management options that enhance the productivity of the land and the long-term value of the asset. In order to meet this objective, AMC has a wide range of tools at its disposal. Particular activities and skill sets include:

- Land/vegetation/soil mapping
- Land use planning (optimal) taking into account:
- Soils and soil remediation where necessary;
- Vegetation and land rehabilitation where necessary;
- Pasture improvement;
- Weeds and feral animals;
- Water management taking into account water efficiency, water trading, water saving technology, water harvesting etc; and
- Optimising the full development potential of the property through enterprise modelling.

Land management and development is undertaken in close conjunction with the farm's infrastructure program described below.

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4.4 INFRASTRUCTURE MANAGEMENT AND DEVELOPMENT

AMC manages the farm's fixed improvements in accordance with a routine repair and maintenance schedule and a program for the replacement of major capital items. On some occasions a farm is not fully developed or an innovative approach to infrastructure design and development can lift the productive capacity of the property. AMC's team has the skills and experience to develop appropriate infrastructure and land development programs and project manage these programs, which are often large scale, to completion.

4.5 ECONOMIC AND MARKET OUTLOOK

AMC's team includes analysts and consultants with experience in market research and analysis, statistical analysis and economic modelling and assessing short, medium and long term outlooks for specific commodities. AMC's consulting and research team provide important tracking, market intelligence and input to a farm's short, medium and long term crop planning and marketing and sales program. A marketing program is developed for each farming property/group and considers and recommends on markets, customers, forward contracts, supply agreements and futures trading.

4.6 FINANCIAL ADMINISTRATION

AMC provides a financial administration function for all farming properties under management. Specific tasks that we are responsible for include:

- Payroll;
- Purchasing and management of contracts with suppliers of major inputs;
- Accounts payment and creditor control;
- Accounts receivable and debtor control;
- Management of finance facilities – bank debt, leases etc;
- Preparation of annual budgets;
- Monthly reporting to clients incorporating:
- Management accounts;
- Profit and loss;
- Balance sheet;
- Cash flow management and cash flow forecasting;
- Statutory returns; and
- Insurance management.

AMC is able to manage financial and accounting functions for clients in both Australia and overseas.

4.7 PORTFOLIO STRUCTURING & MANAGEMENT

As previously described, critical scale can be improved through expansion and/or consolidation of a portfolio of properties in a regional cluster or the development of a portfolio of farming properties in geographically diverse locations. The former model can enable more

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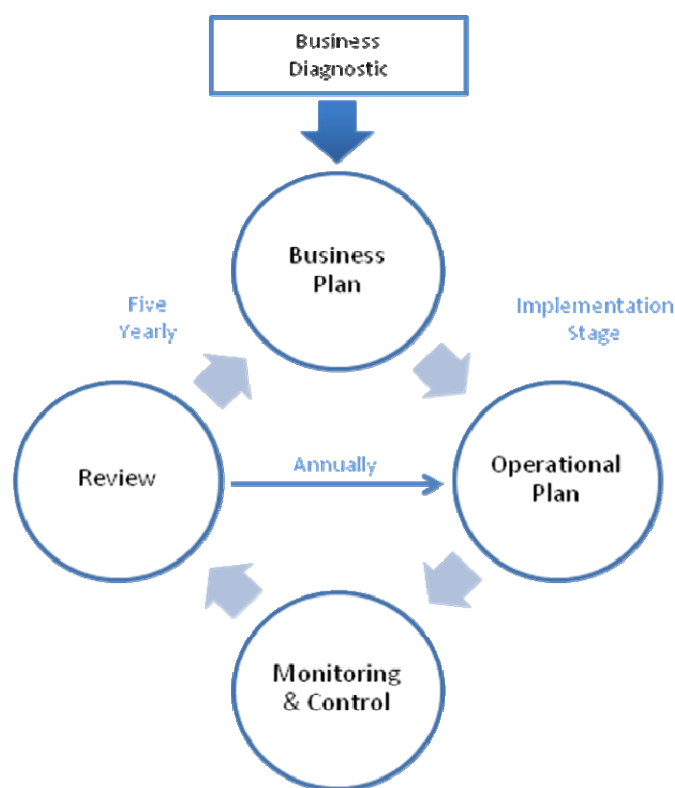
efficient utilisation of labour and farming plant and equipment. The latter model can assist greatly in the management of climatic risk through the development of integrated production systems that take advantage of particular characteristics of specific regions and properties. AMC has proven models that calculate the optimum land use intensity and farm size and we are able to provide advice to clients on the opportunities and risks of expanding their portfolios to take advantage of synergies with their existing properties. Through our management of large-scale diverse properties we are well aware of both the efficiencies and risk mitigation benefits (climate risk) that can be gained from expansion and the development of integrated production portfolios.

4.8 KEY STAFF

Profiles of AMC's core team members are contained in Appendix 1. AMC has developed systems and procedures over a period of 20 years that harness the diverse skills and experience that these people bring to our client's businesses. Our systems and procedures are described in the next section.

Corporate Profile**5 AMC SYSTEMS AND PROCEDURES**

Whether a property is in the arid desert land of Western Australia, the lush improved pastures of New South Wales or Queensland or the hot tropics of Papua New Guinea, the 'AMC way' is consistent and unmistakably 'ours'. Years of experience, expertise and knowledge are captured in systems and procedures that are applied to all the company's clients. These systems are backed up by AMC ISO 9000 Quality Assurance Standards, set the standards and outline the approaches that are proven. Abiding by these standards maintains the high quality of service and builds in efficiencies in service delivery.

5.1 PLANNING**5.1.1 Business Management Cycle****Figure 6: AMC Business Management Cycle**

AMC utilises a five stage Business Management Cycle, commencing with the *Business Diagnostic*, which establishes the current status of the farm business. AMC has a proven proprietary tool for undertaking the Business Diagnostic for agricultural and pastoral investments, which drills down to determine the key opportunities for driving higher returns in the business. The Business Diagnostic analyses every facet of the business operations and benchmarks it against best practice to determine how the business may function more efficiently, effectively and profitably.

The second stage of the cycle is the *Business Plan*. AMC's strategic planning adopts a "top down" and "bottom up" consultative approach, ensuring that innovation, best practice, higher value added returns concepts are at the forefront of the process. AMC Business Plans are annually updated with five to ten year planning horizons.

The Business Plan is followed by *Operational Plans* incorporating both financial and operational programs. These plans are supported by the AMC management systems that

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include operational procedures, finance and administration, environmental management and occupational health and safety policies.

Effective management requires effective *monitoring and control* systems. Our systems comply with good corporate governance and audit requirements and provide appropriate data in an accurate, efficient and timely manner. These systems, coupled with our qualified and experienced staff, ensure AMC's management is aligned with the outcomes established in the Business Plan.

The *annual review* process enables AMC to monitor performance and then re-establish plans and targets for the following year. The annual cycle recommences with the re-formulation of the Business Plan.

5.1.2 Templates

Templates and procedures are also in place for the systematic application of the:

- Business Diagnostic;
- Business Plan;
- Investment Evaluations; and
- Information Memorandums.

These templates include due diligence checklists and procedures, methodologies, standardised spreadsheet models and reports. All AMC staff are trained in the methodologies, have an understanding of AMC's role and responsibilities in the advisory area and contribute to the studies in accordance with their specialist area of expertise.

5.2 OPERATIONS

Procedures manuals and operations and property management plans are formulated for each property under AMC's management which are both commodity and property specific and which incorporate best practice management techniques which have been proven to enhance productivity and sustainability. Key components of the Operations Procedures Manual are:

- Annual Operations Calendar;
- Livestock Husbandry Program;
- Cropping Plan;
- Marketing Plan; and
- Property Management Plan (land, resources and infrastructure).

5.3 ENVIRONMENTAL MANAGEMENT SYSTEMS

AMC is committed to managing the land so that its productivity is at least maintained through time and ideally improved. The policy is designed to benefit both current and future owners through preservation of short and long term productivity and land values.

Under the AMC Environmental Management System, a periodic review is undertaken of the status of the property's natural resources. The review process is complemented by a stated policy, actions and performance measurement. The Environmental Management Plan incorporates standards that are consistent with the Local Authority Plan, State codes of practice, industry codes of practice and all relevant legislation.

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5.4 WORKPLACE HEALTH AND SAFETY SYSTEMS

AMC complies with all relevant national and state legislative requirements in regard to Workplace Health and Safety (WH&S). AMC's WH&S Manuals were developed in conjunction with the National Safety Council, and these manuals cover all aspects of state and national safety requirements. Our WH&S manuals can be implemented on any property in any state of Australia and apply to all AMC personnel, property personnel and contractors.

5.5 HUMAN RESOURCES

AMC's property management structure incorporates property staff, supported by the Operations, Marketing, Livestock Production, Accounting and Administration of the company's offices in Brisbane and Sydney. Staff policies and procedures are documented and all staff, on farm and in head office have designated position descriptions, monitored under a twice yearly performance review program and supported by appropriate training and development.

5.6 ACCOUNTING AND ADMINISTRATION

AMC has established accounting and reporting systems developed over many years, specific to the operation of farming properties. These include:

- Payroll;
- Accounts payment and creditor control;
- Accounts receivable and debtor control;
- Management of finance facilities – bank debt, leases etc;
- Monthly reporting to clients incorporating:
- Cash flow management and forecasting;
 - Profit and loss;
 - Balance sheet;
 - BAS returns;
- Insurance management.

5.7 CLIENT REPORTING

AMC provides regular reports to the client summarising the performance of the farm business against the agreed plan and budgets and highlighting key issues, opportunities and associated action lists for the upcoming period. These reports are provided in a standardised, consistent format and concentrates on the key drivers of the business's profitability. Reports are provided on a monthly basis at a minimum with longer form quarterly or six monthly reports also provided if required.

5.8 DOCUMENTATION

Operations systems and procedures are documented in a Procedures and Policies Manual that is tailored for each property under management. The manual details:

- Role of AMC under the management contract;
- Financial and administration procedures including Chart of Accounts, budgets, cash calls, delegated authority for purchasing, sales, invoicing, capital expenditure and budget variations;

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- Livestock husbandry and/or Cropping Manual/s;
- Procedures for the marketing and sales of livestock/crops;
- Returns to be submitted to Head Office including monthly station/farm reports, bulk stores, fuel, maintenance of fixed infrastructure and plant and equipment, rainfall, livestock inventory, movements and brandings, sales listings and advices, cropping returns (including gross margin analysis) and others as appropriate to the business;
- Guidelines for the content and frequency of reporting;
- Staff policies and procedures including position descriptions, performance appraisals, training and development and WH&S; and
- Annual implementation plan;
- Annual budget; and
- Annual livestock and cropping budget.



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6 REWARDS**6.1 GUIDING PRINCIPLE: ALIGNMENT OF OBJECTIVES**

AMC aims to align our business values and activities with those of our clients. This principle of alignment extends to reward, whereby AMC's rewards or management remuneration are based upon an annual base management fee plus a performance fee which is dependent on the achievement of the financial objectives of the client's investment. AMC's management remuneration in this fashion incentivises us to achieve the businesses financial targets and ensures AMC's objectives are aligned with those of our client.

6.2 TYPICAL FEE STRUCTURE

The quantum of our annual fee offer is based upon the exact nature of the operations management service provided to the client. However, the approach to the fee offer is as follows:

- Base management fee – annual amount based upon time and cost estimates paid monthly in advance;
- Annual performance incentive fee – based upon outperformance of agreed annual KPIs and embedded in business plan and management contract; and
- Project bonus – a “carry” which is payable on the client's exit of the investment in a specified year or agreed formula relating to achievement of long-term objectives if the client does not exit at the nominated time.

6.3 TERM

AMC requires an initial term of five to seven years, renewable for a further three years and/or until investment completion. This approach ensures we are committed to the life of the investment project with the terms providing appropriate milestones for measuring progress against the medium to long term investment objectives.

6.4 MANAGEMENT CONTRACT

Key provisions in the management contract detail the exact nature of the services to be provided to the client, remuneration, term, responsibilities of both AMC and the client and the delegated authorities.

6.5 CONSIDERING MANAGEMENT BY AMC

Prior to entering into a management contract, many clients engage AMC to undertake the Business Diagnostic for their agricultural investment prior to making a decision. The Business Diagnostic enables both AMC and the client to determine the potential that the investment offers and also whether both AMC and the client wish to embark on a partnership in achieving the returns for the business. If the Client proceeds to engaging AMC as Manager, then the cost of the Business Diagnostic can be deducted from the first year's management fees.

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7 TRACK RECORD AND CORPORATE EXPERIENCE

The AMC team is unique and unsurpassed in its combination of experience, qualifications and track record.

- **Experience:**
Executive and management personnel have worked in their respective fields for 20 years and upwards.
- **Professional Qualifications:**
Tertiary degrees and post-graduate qualifications in the disciplines of agricultural science, agribusiness, veterinary science, property, economics and statistics, commerce and investment.
- **Track record:**
In the beef cattle, agricultural and professional services sectors at the operational, management and advisory level and as a team working together.
- **Geographic experience:**
Throughout agricultural production and processing regions in Australia, South East Asia, the Pacific, South America and Africa. In house research including consultation with key overseas players and overseas study tours means AMC is up-to-date with global trends and key competitor countries.
- **Group management:**
Emphasis on corporate agriculture with group management capability gained through experience and agricultural giants AACo and Stanbroke.
- **Reputation:**
Networks are integral when operating in any industry, however relationships in the rural sector are paramount in doing business. Integrity, pragmatism and on farm common sense combined with professionalism and a corporate philosophy have been critical for AMC in negotiating deals and bringing together the 'agriculture and investment'.
- **Industry intelligence:**
History, current trends and future outlook are encompassed in the AMC corporate 'knowledge bank' across the agricultural, investment and consulting sectors.

7.1 AMC CLIENTS

AMC's manages agricultural businesses – both land and production – throughout Australia, Papua New Guinea and Brazil. Our clients, contract us for a term ranging from one year to up to 10 years, depending on their individual needs.

Our current management portfolio covers a diverse range of commodities, production systems, geographic locations and climates. Our client base is equally diverse, including:

- **Fund management companies** that have invested in agricultural assets;
- **Off-farm investors** who do not have the experience and expertise to manage their investments;
- **Foreign investors** in agriculture who require a professional service with a high degree of accountability;
- **Family companies** looking for innovative and practical solutions to their succession planning requirements;

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- **Small rural companies** where the employment of a management company is considered preferable to establishing their own;
- **Mining companies** that acquire pastoral land in association with mining interests and who do not have the skills to manage such land;
- **Foreign companies outside of Australia** who require management on par with 'best practice' Australian standards; and
- **Indigenous** pastoral owners who wish to outsource management.

7.2 RECENT RELEVANT EXPERIENCE

Client	Location	Details
Management		
Ramu Agri-Industries	PNG	3 ranches with approx. 15,000 head of cattle, cropping, feedlot, abattoir and retail outlet
Broadwater Downs Pty Ltd	Qld, Australia	Mixed farming including 2,500 head Wagyu herd, 1,500 ha of irrigated and dryland grain cultivation and 2,000 head feedlot
Newmont Australia	Western Australia	4 cattle stations covering approx. 820,000 ha in the Northern Goldfields region of WA
Morr Morr Pastoral Company	Queensland Australia	Largest indigenous owned cattle station in Australia with approx. 45,000 head
Bohda Pastoral Co	New South Wales Australia	Indigenous owned sheep property
Cockatoo Cattle Company	Queensland Australia	Small family owned cattle property running approx. 2,500 head
Great Southern Plantations	New South Wales and Queensland Australia	At peak, we managed approx. 100,000 head of cattle across 21 properties for this Funds Management company
Vitoria Regia	Brazil	12,000 hectare eucalyptus plantation
Fazenda Nova Selva	Brazil	8,000 hectare livestock development project

Client	Consultancy	Details
Consultancy		
Terra Firma	Due diligence	Contributed operations and financial advice for the due diligence team assessing Terra Firma's acquisition of Consolidated Pastoral Holdings.
Qatar Investment Authority	Global Investment Strategy	Development of a global agricultural investment strategy enabling Qatar to secure its food supply. The strategy recommends locations and partners for investment in livestock, grains and fruit and vegetables.
Australian Fund management company	Due diligence on farms and farm businesses	Assessment of production potential and investment returns of broad acre cropping, horticultural and livestock businesses identified for managed project, funded by institutional investors.
Meat and Livestock Australia + Livecorp	Impact Assessment	Review current bedding management practices during the Livestock Export process
Broadwater Downs Pty Ltd	Independent Review of	<i>Review of operations</i> to improve profitability. .

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Client	Consultancy	Details
Consultancy		
	Operations	
Indigenous Land Corporation	Viability Assessment	Viability assessment of six major pastoral aggregations in the Gulf Region of Queensland, Australia
Northern Territory State Government	Pastoral Land Development	A detailed assessment of the development potential of the Northern Territory pastoral industry. The study encompassed 12 station covering 40,000km ² running approximately 140,000 cattle.
Australian Agricultural Company	Benchmarking	Development of production & financial benchmarks for corporate cattle producers in northern Australia
Australian Agricultural Company	Legislative review	Review of federal and state/territory legislation relating to water, vegetation and environmental management issues.
Ramu Sugar Limited	Market Study	Assessment of Potential Markets for Meat Products in PNG, South East Asia and the Pacific Islands
WR Carpenter Limited	Review of Cattle Operations	Review of cattle operations in East New Britain, PNG and Queensland, Australia
WR Carpenter Limited	Due Diligence, Processing Plant	Assist in due diligence of potential acquisition of meat packing plant in PNG
Prout Partners	Cattle Wizard	Assistance in product development and feasibility for new livestock financing product.
Carwoola Pastoral Company	Development Plan	Development plan for beef cattle property acquired in Northern Territory
Indigenous Business Australia	Business Planning	Business plans for various indigenous enterprises including hydroponic tomatoes, rural retail stores, pastoral businesses, contract mustering and meat processing.
Stockland Group	Agricultural Opportunities Assessment	Assessment of agricultural opportunities available for land use during the transition of a large parcel of land to a large scale urban development
AJ Lucas Group	Feasibility Studies, Business Planning	Feasibility studies and Business Planning for a number of projects relating to irrigation development, land and water use efficiency, and forestry and carbon management.

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APPENDIX 1

KEY PERSONNEL

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CHRIS EVANS, EXECUTIVE CHAIRMAN

Bachelor of Rural Science (Hons)
Postgraduate Diploma of Agricultural Economics
Associate Diploma of Real Estate Valuation
(Fellow Australian Property Institute)

Chris Evans commenced his career in 1974 with Stanbroke Pastoral Company (Stanbroke), then Australia's largest pastoral property company. Over the eleven years he spent with Stanbroke he gained experience at the 'grass roots' and corporate level having filled the roles of jackaroo, overseer, station manager and R&D officer.

In 1985, Chris joined Taylor Byrne. Between 1987 and 2002, when Chris left to form RMP, he held the position of Managing Director of Taylor Byrne. By this time a Registered Valuer, Chris prepared rural valuations across northern Australia for companies such as AACo, Stanbroke, Heytesbury Beef, North Australian Pastoral Company, Colonial Agricultural Company and AXA.

He also oversaw the development of the Agribusiness Division of Taylor Byrne, with responsibility for the management of 12 rural properties and the provision of a wide range of consulting services to clients including Meat and Livestock Australia, Austrade, Rural Industries Research and Development Corporation, Queensland Investment Corporation, Commonwealth Funds Management and many private and government sector organisations. He founded a live cattle export company, Ausbeef Pty Ltd, of which he was Chairman and was a Director of Taylor Byrne Tourism.

He was Project Director for the development of the Global Investment Strategy for the Qatar Investment Authority and on the Due Diligence team for private equity house, Terra Firma's, potential acquisitions of cattle businesses in northern Australia. This culminated in Terra Firma's acquisition of 90% of Consolidated Pastoral Company (CPC).

CHARLIE BLOMFIELD, MANAGING DIRECTOR

Bachelor of Agricultural Science (Animal Science) – University of Queensland, St Lucia
KAPLAN Professional (Managed Investments)
Graduate Member of the Australian Institute of Company Directors

Charlie Blomfield is AMC's Managing Director. Charlie has grass-roots operational experience with large scale beef operations, sheep enterprises and broadacre farming. He has held numerous station level positions throughout the Northern Territory, Queensland and New South Wales. He has also worked with Australian Meat Holdings (now JBS Swift) as a Stockman and Animal Health Supervisor at the 30,000 head Beef City Feedlot. Charlie also has formal training in Beef Cattle Assessment from Dalby Agricultural College.

After working on various properties throughout NT, QLD and NSW, Charlie moved to Brisbane and began working with RMP in the Operations Team in 2004, at the time managing a portfolio of properties running up to 150,000 cattle.

In 2007, Charlie left RMP and established Carthona specialising in consultancy and agricultural investment services to the institutional investor market. In 2007 Charlie undertook a project for the Northern Territory government to assess the development potential of the NT pastoral industry. The study included 12 stations, 40,000km², and 140,000 cattle. Results from the study were presented at the 2008 International Rangelands Congress in Hohhot, China. Charlie has led a number of large projects including the development of large-scale irrigation projects using recycled water from Australian capital cities, development of large-scale beef funds, and property development projects of some of Australia's largest pastoral holdings.

Charlie is active with clients throughout the UK, Europe and the Middle East frequently visiting these locations for Business Development and Client Relations. Charlie is a regular speaker

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at Beef Producers' and Agricultural Forums, and has presented the 2009 Agricultural Outlook Australia conference in Sydney, the 2010 World Grains Trade Summit in Singapore and the 2010 Largescale Farming in Africa conference in Egypt. Charlie has recently been quoted in the Wall Street Journal, Australian Rural Press, the Financial Standard, and Money Magazine.

AMC is a proactive company and is the world's first agricultural company to become a signatory of the UN Principles for Responsible Investment (www.unpri.org).

Charlie maintains board level participation with the AgForce Queensland Cattle Board representing the Queensland cattle industry, and is a Director on the Board of the Agribusiness Association of Australia, Future Farmers Network and Change Investment Management. Charlie has extensive on-ground experience across a number of production areas and commodities and maintains a strong network of industry professionals.

KAREN CASTON, GENERAL MANAGER

Bachelor of Applied Science – Mathematics
Certificate of Project Management
Master of Applied Finance and Investment
Fellow of FINSIA

Karen Caston has over 20 years' experience gained in banking and management consulting firms in Australia and overseas including Horwath's, PKF, IbisWorld and Andersen Consulting. She has undertaken a wide range of market and financial feasibility studies and business valuations in Australia, Europe and South Africa. Karen's wide-ranging industry experience includes agribusiness, property, tourism and leisure, telecommunications, information technology and local government. While at AMC, Karen has undertaken detailed research and analysis of the beef cattle industry, the financial operations of corporate agricultural institutions and the direction of rural land values in Australia.

Karen Caston holds a Bachelor of Applied Science in Mathematics and Master in Applied Finance and Investment and has strong quantitative and analytical skills which she applies to market research, business planning and investment evaluations. Karen has extensive expertise in conducting industry consultations and compiling and analysing the information collected. Karen has assisted in the development and implementation of an international agricultural investment strategy on behalf of a sovereign wealth fund, as well as market and financial analysis of a range of agricultural investments for potential investors. Karen has also been involved with the evaluation of agricultural development options on behalf of several coal seam gas mining companies in Queensland, looking to maximise the returns from the water by-product of mining operations. In addition, Karen has recently managed a study into the animal welfare issues and bedding management for cattle and sheep during the live export process.

In her role as General Manager, Karen is responsible for overseeing the day-to-day operation of AMC and leads the Strategic and Business Planning for AMC's management and consultancy clients. Karen is also responsible for developing and maintaining the company's knowledge-base, including the indexes of rural land values in Australia, namely the Australian Grazing Property Index and the Australian Rural Land Value Index. Karen is also responsible for publication of AMC's research papers and the *Rural Investor Outlook*.

BOB McCLELLAND, MANAGER OPERATIONS

Bob joined RMP in January 2003 and is responsible for leading the practical day-to-day operation of large-scale cattle properties under AMC management. He is eminently qualified to meet this challenge having worked on cattle stations throughout the north for over 30 years and risen to the position of General Manager of northern interests for AACo. From 1991 to 2002, Bob had lead responsibility for seven AACo properties in the Queensland Gulf of

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Carpentaria and Peninsula regions of North Queensland. The properties covered 18,000 square km, running 150,000 head of cattle with a staff of 130 people including six station managers.

To meet these responsibilities, Bob has demonstrated skills in all aspects of cattle and infrastructure management as well as station accounting, budgeting and office procedures. Moreover he has had direct experience in the live cattle trade having supervised AACo's involvement since 1992 and toured Indonesia. Bob also collaborated with the Co-operative Research Centre for Beef Cattle and undertook study tours to the US where he selected and purchased bulls and embryos for improving herds back in Australia.

KEVIN MULVAHIL, NORTHERN TERRITORY MANAGER

Kevin Mulvahil (*pronounced mul-vale*) is AMC's Northern Territory Manager and has spent over 20 years working in senior positions in agriculture based enterprises. This has included involvement with ASX 200 listed corporations and large private companies along with stints working in Government and NGOs.

He has gained extensive operational experience across a diverse range of agricultural sectors both domestically and internationally, this has included involvement in the live cattle trade, feedlots, cattle production, forestry, stockfeed and biofuels. This wide variety of exposure enables Kevin to quickly identify challenges and provide innovative yet rational and practical solutions.

A strong finance background, Kevin holds a Bachelor of Business (Accounting) and a Master of Business Administration (MBA), gives him an astute understanding of business processes and commercial issues. Maintaining membership of both the Australian Society of Certified Practising Accountants and Australian Institute of Company Directors enables Kevin to be up to date with current trends and issues.

NOEL HAUG, PROJECT SPECIALIST

Noel Haug is an agricultural and project economist with extensive experience in agricultural and livestock management in Australia and internationally, with significant development experience in project management and technical assistance in projects and programs to improve farm productivity and sustainability.

Noel was formerly a General Manager with Australian Agricultural Company, over 12 years, in Australia's largest commercial beef cattle company, with some 350 staff, providing advisory and technical services to farm managers.

Noel has completed short and long term assignments in Indonesia, Malaysia, Thailand, China, Papua New Guinea, Sri Lanka, Nigeria, and Sudan. Most recently, in Indonesia, Noel completed business plans for an Australian Indonesian livestock company in feed lotting and intensive dairying. Noel also developed a livestock strategy with the United Nations Development Program for the Indonesian Province of Aceh, following the tsunami.

In China, over 6 years, Noel led teams with AusAID-funded Projects, with the Alxa League Environmental Rehabilitation and Management Project in the Inner Mongolian Autonomous Region and on the Dong Xin Dairy Project in Jiangsu Province.

Noel has experience in preparing financial, administrative, and monitoring and evaluation reports and in all aspects of project administration, including management of funds and trust accounts, foreign and local procurement, planning, and financial control.

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IAN IKER, ASSOCIATE PROJECT SPECIALIST

Ian Iker is an Associate of AMC and spent almost 20 years with AACo where he held Group Management positions and supervised the operations of various beef cattle properties, irrigated and dryland cropping farms and feedlots. In addition to management and financial administration, Ian has expertise in agronomy, cropping programs, environmental compliance, infrastructure development and resource management.

During his tenure at AACo, Ian was responsible for the project management of the \$13 million development of the Goonoo feedlot and irrigation scheme, which involved 9 principal contractors. He also designed the site layout and combined the integrated Goonoo feedlot and irrigation scheme into a full-circle environmental system utilising feedlot effluent and manure. This scheme achieved awards from local, state and national environmental bodies.

Ian has worked with the AMC team on the due diligence for AACo's acquisition of the Wylarah Aggregation, the Operational Review for Macquarie Downs and agricultural planning studies for a number of coal seam gas mining companies.

GEOFF WORMWELL, ASSOCIATE PROJECT SPECIALIST

Geoff Wormwell is an Associate of AMC and has worked with AMC on a number of large scale projects. He brings to the study team operational expertise in the cotton, grain and horticultural sectors. Geoff has over 32 years' agribusiness experience with over 8 years in the grain industry, over 10 years in the cotton industry and 8 years in the horticultural sector.

Geoff has held executive and senior management positions at Stahmann Farms, Queensland Cotton and Namoi Cotton. Geoff has developed an extensive network at all levels and his experience has been gained in executive roles and through a hands on approach. Developed skills include business, asset and management appraisal/assessment, due diligence, business and strategic planning, performance management, risk management, resource management (water) and supply chain development.

Geoff has his own farm near Pittsworth, and owns and operates Wilmot Freeze Haul and agricultural investment advisory company, Widescan.