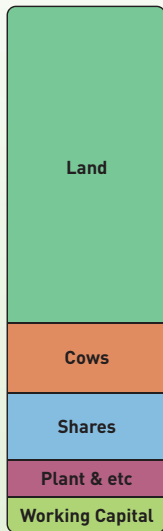
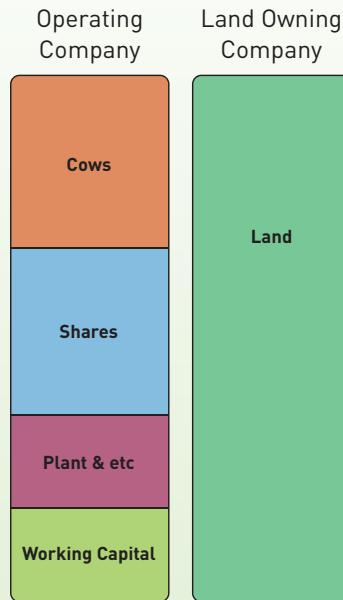


## Traditional Farm Business



## Pathway to Progression™



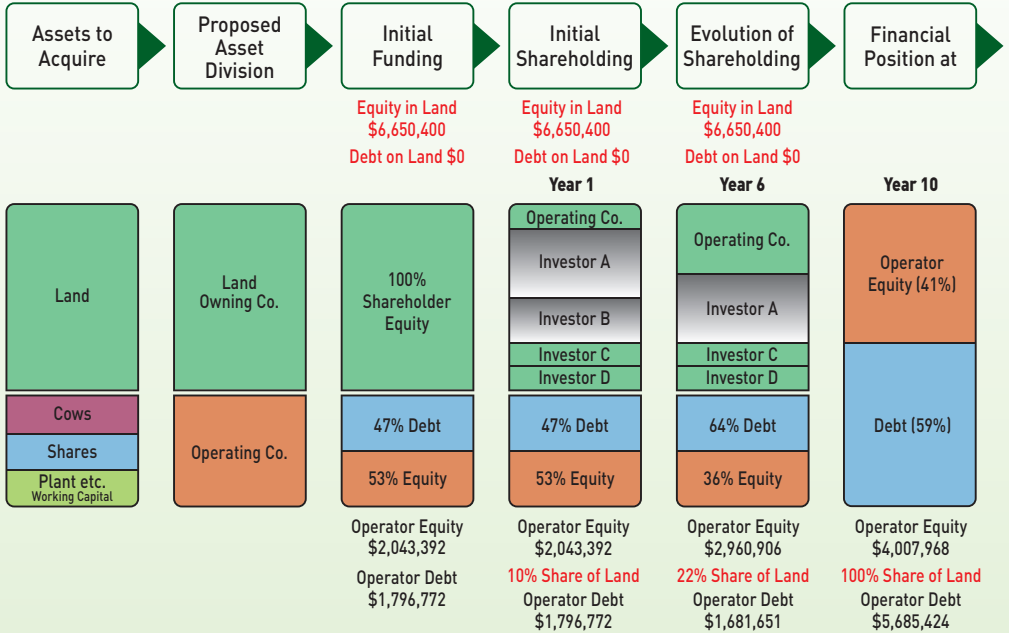
**This structure is recommended by a team comprising leading business advisors and is designed to give the utmost flexibility, legal protection and tax mitigation.**

- The farm business is split in two. The operator has 100% income, risk and autonomy. The land owner has a passive investment.
- The owner of the land receives a monthly income via a lease arrangement with the operator plus any capital growth over time.
- The operator will be an initial investor in the land. With the appropriate structure and targeted surpluses they can progress to full land ownership within 10 years. It is a collective goal of all parties that this happens.
- A customised shareholders' agreement stipulates how the exit process is controlled, how the investment is governed and how returns are distributed to shareholders.

## ► Management Services

Rural Business Solutions Ltd offer a service to manage the governance structure such as performance monitoring, administration and secretarial duties, but it is at the discretion of the governance team to decide on the provider of these services.

# An example...



Comments	Budgets	Year 1 Budget		Year 6 Budget		Steady State Budget	
570 cows	Production		256500		256500		256500
450 kgMS/ cow	Advance milk payments	\$4.50	\$1,154,250	\$4.50	\$1,154,250	\$4.50	\$1,154,250
	Previous Season deferred	\$1.50	\$384,750	\$1.50	\$384,750	\$1.50	\$384,750
200ha eff.	Fonterra Dividend	\$0.30	\$76,950	\$0.30	\$76,950	\$0.30	\$76,950
2.85 cows/ha	Other income	\$0.00	\$5,000	\$0.00	\$5,000	\$0.00	\$5,000
	Stock Sales	\$0.30	\$76,950	\$0.30	\$76,950	\$0.30	\$76,950
	Land Co Dividend		\$38,574.38		\$85,534		\$0
	<b>Total Income</b>	<b>\$6.60</b>	<b>\$1,736,474</b>	<b>\$6.60</b>	<b>\$1,783,434</b>	<b>\$6.60</b>	<b>\$1,697,900</b>
	Total Farm Expenditure	\$4.01	\$1,027,283	\$4.01	\$1,027,283	\$4.01	\$1,027,283
	<b>Farm Trading Surplus</b>		<b>\$709,192</b>		<b>\$756,152</b>		<b>\$670,618</b>
	Total Debt	Rate	\$1,990,813	Rate	\$1,863,258	Rate	\$5,827,576
	Total Interest	7.0%	\$139,357	7.0%	\$130,428	7.0%	\$407,930
	Other Charges	Lease	\$330,000		\$330,000		
	<b>Taxable Surplus</b>		<b>\$239,835</b>		<b>\$295,724</b>		<b>\$262,687</b>
	Operator ROE		13.3%		17.6%		4.6%
	Operator RO Initial S/H Equity		13.3%		16.5%		14.6%
	<b>Return for investor in land</b>		<b>4.6%</b>		<b>4.6%</b>		<b>Exited</b>