

3<sup>rd</sup> March 2015

## **An Update from the Board of GAS Global Agricultural Services**

Dear Investors,

We have had several emails from GAS investors and SIPP companies requesting further information as it has been 5 months since the Board Review was issued.

Unfortunately there is nothing further to report on the restructure of the company which was mentioned in the October Board Review as we are still awaiting approval from the Australian Tax Office. Mr Gaskell has been in Australia since mid January trying to push the matter forward but as everyone knows, legal processes can take a long time to be completed, and in our case it has taken much longer than originally anticipated.

In the meantime, it is business as usual! The farms are being managed on behalf of our GAS investors and should there continue to be delays in the restructure, Farm Reports will be issued in June followed by Financial Accounts in September.

It has been brought to our attention that a web page has been put up on the internet advising that the GAS Global Agricultural Services investment is a scam. Whoever contributed to this mis-information has not done their homework as there are 13 farms here in Western Australia that are owned by yourselves.

The Board would also like to mention, again, that under the existing contractual terms, investors signed up for an 8 year period, the first to end in 2017, the last in 2021. The reason this is being reiterated is because we are unable to buy back or sell plots while working under the existing contracts. One of the reasons for the proposal of the restructure and the plots exchanged for shares on the Hong Kong Stock Exchange was so that investors would have the flexibility to sell as and when they choose and not be tied into contracts that still have a number of years to run.

We are in the process of getting the [www.gasglobalagriculturalservices.com](http://www.gasglobalagriculturalservices.com) website up and running. We were going to wait until the restructure had been approved but have decided to get going on it now so that we can update our GAS investors more regularly.

The following content of a letter written by Mr Gaskell to an Investor recently is applicable to all:

1. GAS (formerly Verdant) is still in operation. No farms have been sold, mortgaged or left unfarmed.
2. All the investors/plot holders have their investment intact.
3. The investors/plot holders continue to receive whatever return accrues to their individual plots, annually.
4. The scheme under which each investor/plot holder invested still appertains. Under that scheme a date was specified for each farm whereby the Board would be committed to selling the farm and returning pro rata the proceeds of sale. The earliest committed sale is 2017, whilst the others are due to be sold by various years thereafter.
5. All investors signed contracts locking them in until the due date for their respective farm.
6. Hence, the farms still exist, still are being farmed and are still on the books at the price GAS bought them.
7. The Board's proposed restructure was an answer to the various discontented investors who wanted to BREAK their contracts early. There is no legal constraint on the Board to do other than sell the farms at the appointed date. However, in response to various malcontents we came up with a restructuring proposal to enable investors to get out via a recognised stock exchange.
8. This involves a great deal of restructuring which has imposed a considerable amount of legal, taxation and accounting work on management.
9. Your SIPP company has completely misinterpreted the above and decided to write the investment off, whilst coming up with a ludicrous suggestion to employ valuers to determine the value of a plot within a vast acreage of farmland.
10. The reasons they adduce for writing off the investment are distorted. The Market for farmland in Western Australia is a parochial one and buyers are few at present, because of repossessions, government issues and more complicated, the locations of each farm. This does not mean that the

farms cannot be sold, it just means that this period in time is judged to be not advantageous to sellers.

11. The terms of selling under the various contracts do not help, in that it is almost tantamount to a forced sale being dictated by contractual constraints. In other words, potential buyers know that the farms have to be sold.
12. The restructuring process proposed seeks to alleviate this by not having strict sell by dates and furthermore by diversifying through attracting funds from non UK investors and thus not being totally tied to the wheat farmland values.
13. The plain facts are that it is business as usual for GAS investors and if the restructuring does not take place nothing will change and those investments will run their due course. Hopefully, there could be a gain in terms of land prices or even a foreign exchange gain. At present neither factors apply and in particular the Australian dollar has depreciated steeply in the last year. So at present, even if it were within the terms of the investment possible to sell, the initial investment would see a loss, but certainly not of a hundred per cent as suggested by your SIPP company or indeed several mischievous investors.
14. My guess, and I stress it is a guess, would be at present the farms are worth around what GAS paid for them.
15. The restructuring process has slowed and I have had to take some draconian measures to bring our tax and accounting up to date. However, when the Board comes to propose the swap of plot holders into tradable units there will be a valuation of each and every holding which we hope will be accurate and fair.
16. Otherwise, and I cannot say this strongly enough, there is no change. Investors signed dated contracts locking them in for specific periods. Until the farms come to be sold talk of losses and write downs are pure conjecture.

I hope this is helpful and explanatory.