



AUSTRALIAN FARMLANDS FUND

About Kilter Rural

Kilter Rural has been resetting the agenda for investment in Australian farmland, water and ecosystem assets since 2004. We have become one of the most recognised impact investment managers in Australia, with a portfolio of more than A\$440 million, and three active funds:

- The Murray-Darling Basin Balanced Water Fund,
- Kilter Water Fund, and
- Australian Farmlands Fund.

Our investment philosophy involves long term active stewardship of agribusiness assets to generate commercial, sustainable, transformative and robust fundamental value.

While commercial in everything we undertake, investment and management activity is predicated on protection and enhancement of ecosystems that underpin long-term asset value. Our Australian Farmlands Fund (AFF) adopts the established *Accounting for Nature* methodology for measuring condition of environmental assets.

Our investment and management strategy delivers both traditional yield improvements and ecosystem health improvement, building resilience and investor value with lower exposure to risk. In a Kilter Rural investment, measuring and reporting of environmental condition accounts is embedded alongside delivery of financial accounts.

Why invest in Australian farmland and water?

- Sustained economic drivers of increased demand and diminishing resources.
- Diversified real asset returns with low correlation to traditional financial investments.
- Water investment provides diversification of returns and an intrinsic climate hedge.
- Highly developed and secure legal system protecting asset-owners' rights to land and water.

About Australian Farmlands Fund (AFF)

- Provides sophisticated and wholesale investors access to an agribusiness portfolio of irrigated farmland and water assets in the southern Murray-Darling Basin.
- Target returns of 10-15% are expected to be uncorrelated to traditional asset classes.
- Established in late 2018.

Investment features

Uncorrelated	0.15
Low volatility	4.0% (All Ords 13.6%)
Current AUM	A\$20.1m
Target AUM	A\$300m (investable pipeline of \$150m+ in farmland and water)
Fees	1.5%
Performance fee	15% over hurdle of 8%

AFF Assets

- **Irrigated farmland with quality soils**
- **Water entitlement to underpin production and returns**
- **High value crop production**
- **Production systems balanced with ecosystem protection**

AFF Value

- **Attractive entry into underutilised landscapes**
- **Cost effective production with established off-take agreements**
- **Landscape transition drives productivity and capital growth**
- **Positive impacts socially and economically**

Kilter Rural invests in Australian water, farmland and ecosystem assets, managing a portfolio of more than A\$440million.

Why Kilter Rural?

- **EXPERIENCE:** MANAGEMENT OF INSTITUTIONAL CAPITAL SINCE 2006
- **PERFORMANCE:** A TRACK RECORD OF OUTPERFORMING TARGET RETURNS THROUGH ECONOMIC AND CLIMATE CYCLES
- **PROGRESSIVE:** PROPRIETARY SUSTAINABLE MANAGEMENT PRACTICES DELIVERING LANDSCAPE TRANSFORMATION, ECOSYSTEM PROTECTION AND LONG-TERM VALUE CREATION
- **COMPETITIVE ADVANTAGE:** ONE OF AUSTRALIA'S LARGEST PRODUCERS OF ORGANIC CROPS

AFF: The Strategy

As an asset manager, Kilter Rural has a performance track record of delivering returns through its proprietary operating model of protecting and enhancing natural ecosystems to support farmland production.

AFF offers sophisticated and wholesale investors a unique opportunity to partner with Kilter Rural to secure and develop value-accretive and productive farmland assets.

Market cycles have created a rare entrance opportunity to secure quality farmland parcels at scale. Production risk and return volatility is minimised through water entitlement ownership.

The strategy is to build on Kilter Rural's expertise in aggregating and re-purposing underutilised farmland parcels to grow high-value organic and conventional annual crops to service established offtake agreements.

September 2019

Kilter Investments Pty Ltd (AFSL 414142)
P.O. Box 85, Bendigo VIC 3552 Australia
Phone: 61+ 35444 0112 Email: invest@kilterrural.com

kilterrural.com

KILTER
RURAL

Disclaimer: The information provided is general information only about the Australian Farmlands Fund and Australian Farmlands Operating Fund (the Funds) and does not take into account any person's objectives, financial situation or needs. You should seek appropriate professional advice if, as a result of reviewing this information, you are deciding whether to invest, remain in, or invest further, into the Funds. You should otherwise make your own independent investigation and analysis regarding any information contained in this report. Information provided may include forward looking statements, which involve known and unknown risks, uncertainties and factors beyond the control of the Funds' trustee, its officers, employees and agents that cause the actual results or outcomes to be materially different from those expressed or implied by such forward looking statements. Past performance is also no indication or guarantee of future performance. Kilter Investments Pty Ltd is the trustee of the Funds, and Kilter Pty Ltd (ACN 111 305 349) (trading as Kilter Rural) the portfolio manager. To the extent applicable, Kilter Investments Pty Ltd reaffirms the disclaimer information included in the information memorandum for the Funds dated 13 March 2019, as amended from time to time.