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The Funds' summary - key features

The key features of the opportunity are summarised in Table 2. The IM should be read in its entirety before deciding to invest.

Table 2: Key features of the Offer

FEATURE	OVERVIEW
Investment assets	Farmland, Water Entitlements, Water Allocations and associated agribusiness assets within the sMDB.
Investment vehicle	The Funds comprise the Australian Farmlands Fund and the Australian Farmlands Operating Fund, which operate together under a stapled unit trust structure.
Trustee	Kilter Investments Pty Ltd (ACN 152 558 113, AFSL 414142, Kilter Investments)
Investment Manager	Kilter Pty Ltd (ACN 111 305 349), trading as Kilter Rural
Custodian	Sandhurst Trustees Limited (ACN 004 030 737, AFSL 237906)
Funds' auditor	Morrrows Audit Pty Ltd (ACN 626 582 232)
Valuation	Farmland assets are independently valued annually by a valuer determined by the Trustee. Water Entitlements are independently valued monthly by Marsden Jacob Associates Pty Ltd (ACN 072 233 204), or such other valuer determined by the Trustee, using a variety of information sources including the median price recorded in state water registers.
Target IRR	An IRR of between 10% and 12% per annum is targeted (after fees, other than any performance fees, and before tax). This is a target return and not a forecast of the Funds' future performance.
Unit issue price	The unit issue price for each month will be determined as the NAV per unit with the addition of a 3% buy factor. Refer Section 12.2.
Minimum investment amount	\$100,000 and then in increments of \$10,000 or as otherwise determined by the Trustee.
Investment ratio between the Funds	Investors' capital will be subscribed 90% in the Australian Farmlands Fund and 10% in the Australian Farmlands Operating Fund.
Capital close	The Funds are 'open funds' and do not have an upper limit on capital that may be raised, however it is currently intended that the Funds will close for receipt of applications on 31 December 2021.
Capital deployment	The Funds will prudently deploy available capital following its receipt whilst adhering to the Funds' strategy.
Term	The Funds are open funds with a term of 10 years from when Phase 1 was fully subscribed in October 2018. Refer Section 12.
Redemptions	Investment in the Funds should be considered illiquid. However, the Trustee will consider redemption requests in accordance with the terms outlined in Section 12.5.

FEATURE	OVERVIEW
Eligible investors	Investors are limited to 'wholesale' and 'sophisticated' investors as those terms are defined in the Corporations Act.
Distributions	Any distributions will be paid annually by the end of the first month following the end of the financial year.
Borrowings	The Funds do not intend to use borrowings other than to meet short-term funding requirements for working capital.
Management Fee	Kilter Rural, as the manager, is entitled to receive a management fee of 1.15% per annum of the NAV of the Funds'. This fee is paid monthly in arrears by the Funds.
Trustee Fee	The Trustee is entitled to receive a trustee fee of 0.35% per annum of the NAV of the Funds'. This fee is paid monthly in arrears by the Funds.
Grant Fee	Kilter Rural, as the manager, is entitled to receive a fee of 10% of the value of all co-investment grants and or natural capital, ecosystem service and environmental protection payments sourced through collaborators, new and existing markets, government collaboration and including but not limited to statutory authorities.
Performance Fee	A performance fee will be payable by the Funds on the 10th anniversary of the Funds' establishment upon the achievement of a hurdle rate calculated as 15% of pre-tax returns (net of management fees and costs) above a performance hurdle of 8%. Kilter Rural, as the manager, is entitled to receive half of this performance fee on the fifth anniversary of the Fund's establishment (assuming the Funds' performance for the period exceeds the performance hurdle). Subsequently the performance fee will be calculated subject to a 'high water mark'.
Recoverable expenses	The Funds' expenses are payable by the Funds. These include, but are not limited to, all administration, accounting and audit, valuation and custodial costs.
Taxation	The intention is that the Australian Farmlands Fund will distribute any taxable income annually such that it is taxed in the hands of Investors. It is intended that the Australian Farmlands Operating Fund will be taxed as a trading entity (i.e. 'company') and the Trustee will declare dividends where considered appropriate. Such dividends may be franked to the extent that franking credits are available. Refer Section 14.
Risks	The Funds will be exposed to risks which could adversely impact on return of income or capital. Refer Section 11.
SMSF and superannuation funds	Self-managed super funds and complying superannuation funds are able to invest in the Funds, subject to their own investment criteria.