



Kilter Agriculture Fund

JUNE 2023

Unit Price A\$1.0791

Entry Price A\$1.0845

Exit Price A\$1.0737

AUM A\$64.27M

Key Points

- The Fund delivered returns of 7.91% in June
- The Fund has now contracted the purchase of four properties covering 7,517ha
- Due diligence is underway on an additional 2 properties covering a further 6,695ha

On behalf of directors of Kilter Investments Pty Ltd, the Trustee of the Fund, and all of the team at Kilter Rural, we welcome you to the Kilter Agriculture Fund and thank you for your support.

At more than 7,500ha (18,500 acres) the Fund offers immediate scaled, high quality assets that present significant opportunity to lift output through improved agronomy and management. The strategy takes a long-term view and delivers climate risk mitigation through exposure to quality water entitlements and access to the Kilter Water Fund (KWF). Kilter will transform operational intensity through an aggregation that, once complete, permits superb water command for irrigation coupled with a 30% targeted reforestation for biodiversity protection and carbon sequestration.

Our initial thesis on value entry has been proven. We are pleased to report a 7.91% increase in the Fund's unit price at 30 June 2023. This increase is based on independent valuations received for properties purchased, or under contract to be purchased, by the Fund as at 30 June 2023. These revaluations support Kilter's investment thesis that, relative to comparable properties, the farmland being acquired by the Fund represents extremely good value.

Earlier in 2023, prior to the launch of the Fund, Kilter Pty Ltd (Kilter) with support of Regal Partners Ltd entered into purchase contracts on two properties on behalf of the Fund and Regal Partners Ltd are pleased to now be long term investors in the Fund.

Summary data (net)

Month return (%)	7.91
Last three months return (%)	
Financial year return (%)	
Rolling 12 months (%)	
3-year annualised [p.a.] (%)	
5-year annualised [p.a.] (%)	
Performance since inception (%)	7.91
Since inception annualised [p.a.] (%)	160.58

Fund information

Name	Kilter Agriculture Fund
Structure	Unit Trust
Domicile	Australia
Inception	June 2023
Management Fee	1.25% per annum
Performance Fee	15% per annum
Hurdle rate	8%
Minimum investment	A\$50,000
Buy Fee	0.5%
Sell Fee	0.5%
Administrator	Unity Fund Services
Registrar	Boardroom Pty Limited
Auditor	Pitcher Partners
Custodian	Sandhurst Trustees Ltd
Legal Advisor	McMahon Clarke

Contact information

Fund Manager

Kilter Pty Ltd
ACN 111 305 349
PO Box 2010
Bendigo DC,
VICTORIA 3554 AUSTRALIA

Fund Trustee

Kilter Investments Pty Ltd
ACN 152 558 113
AFSL 41 41 42
Phone +61 3 5444 0112
Email invest@kilterrural.com

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Since 30 June 2023 the Fund has signed contracts on two additional properties. This brings the aggregation (Figure 1) to 7,526ha of highly productive farmland in NSW's tightly held southern Riverina (Figure 2).

With these additions the aggregation gains two high quality bores, access to Murray River water and more than 200ha of existing irrigation layout. These features significantly increase the farming options available across the whole aggregation.

Due diligence investigations are ongoing on a further two adjoining properties, which if acquired would lift the footprint of the aggregation to more than 14,200ha (35,000acres). Both of these properties also include high quality irrigation infrastructure which would significantly add to the productive capacity and versatility of the aggregation.

All Fund properties are either leased until 2024 or do not settle until the new year. Accordingly, Kilter is currently engaged in detailed planning in order to commence farming operations in early 2024.



Figure 1 Properties Purchased June 2023



Figure 2 Properties Purchased and Contracted July 2023

Strategy

The Kilter Agriculture Fund provides an opportunity for sophisticated and wholesale investors to access an agribusiness portfolio of irrigated farmland, water and environmental assets in the southern Murray-Darling Basin. Financial returns are delivered through the renewal of underutilised irrigation farming operations to deliver high value crops, sustained by ecosystem protection and enhancement to deliver long-term returns to investors.

Fund Manager Background

Kilter Pty Ltd (trading as Kilter Rural) was founded in 2004. Kilter Rural’s purpose is to build long-term value for investors through resilient farmland and water investments. It is Australia’s most experienced water investment manager and currently manages more than \$355m of water, farmland and ecosystem assets. An information memorandum for the Australian Farmlands Fund was approved and released on 30 June 2020, an information memorandum for the Murray-Darling Basin Balanced Water Fund was approved and released on 27 January 2021, the Kilter Water Fund information memorandum was approved and released on 29 March 2021 and the Kilter Agriculture Fund information memorandum was approved and released on 13 April 2023.

Fund performance %

(net of management and performance fees and before tax)

Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
FY2023												7.91	7.91

Disclaimer

The information contained in this report is general information only about the Kilter Agriculture Fund(the Fund) 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. This report may include forward looking statements, which involve known and unknown risks, uncertainties and factors beyond the control of the Fund’s 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. To the extent applicable, Kilter Investments Pty Ltd reaffirms the disclaimer information included in the information memorandum for the Fund dated 13 April 2023, as amended from time to time. The information provided in this report is private and confidential and should not be provided to third parties without the consent of the Trustee.