





## Important information

This Information Memorandum Addendum, dated 8 June 2022, supplements the Information Memorandum dated 11 October 2021 (jointly referred to as the **IM**) and provides details relating to the offer of units (**Offer**) in the AAM Diversified Agriculture Fund (**Fund** or **ADAF**). The IM supersedes any previous versions and any other documentation, marketing material, representations or statements made in connection with the Fund. The issuer is AAM Licensees Pty Ltd ACN 169 645 416 (**AAML**, **we, us or the Trustee**). AAML holds Australian Financial Services Licence No. 458 978. AAML is a subsidiary of AAM Investment Group Pty Ltd ACN 612 701 274 (**AAM**). AAM is a Corporate Authorised Representative (CAR 001279434) of AAML.

The Trustee has not authorised any person to give any information or to make any representation in connection with the Offer which is not contained in this IM. No such information or representation may be relied upon as having been authorised by the Trustee in connection with any Offer.

Accordingly, before you invest, you should read the IM (and any supplementary information) carefully and in its entirety, and, if required, obtain independent advice from your trusted adviser about whether an investment in the Fund is suitable for you. We make no representation in connection with any Offer other than those contained in the IM.

### INVESTMENT RISKS

An investment in the Fund is subject to various investment risks, including events which may lead to delay or suspension of distributions and loss of capital invested.

The investment return and preservation of your capital may be influenced by factors outside our control. You should carefully read the Risk Factors section of the IM.

Neither AAML, AAM, nor any of their directors, officers, advisers, agents or associates in any way guarantee the performance of the Fund or any return of capital or distributions of income or capital from the Fund.

### STATUS OF OFFER

The regulated fundraising (product disclosure statement) requirements of the Corporations Act do not apply to any Offer and the IM does not contain all of the information which would be required in a product disclosure statement prepared in accordance with the requirements of the Corporations Act.

Any Offer under the IM can only be made to recipients who qualify as 'wholesale clients' under subsection 761G(7) of the Corporations Act or as 'sophisticated investors' under section 761GA of the Corporations Act. By accepting a copy of the IM, you warrant to the Trustee that you are not a retail client as the term is defined under the Corporations Act.

The IM is confidential and may contain information which is privileged or personal. If you are not an intended recipient, you must not disclose or use this communication for any purpose.

To the maximum extent permitted by law no responsibility or liability will be accepted by any party arising from reliance on the IM.

This document is provided to you strictly on a confidential basis and the information contained herein must not be reproduced or redistributed in any format without the express written consent of the Trustee.

### RESTRICTIONS ON THE DISTRIBUTION OF THE IM

The distribution of this IM in jurisdictions outside Australia may be restricted by law and persons who come into possession of this IM should seek advice and observe any such restrictions.

Failure to comply with such restrictions may constitute a violation of applicable securities laws. The IM is not intended to, and does not, constitute an offer of securities in any place which, or to any person to whom, the making of such offer would not be lawful under the laws of any jurisdiction outside Australia.

### NO LIABILITY

The IM has been prepared to the best of the knowledge and belief of the Trustee. It does not purport to be complete, accurate or contain all information which recipients may require to make an informed assessment of whether to invest in the Fund. The information contained in this IM also does not take into account the investment objectives, financial situation or particular needs of any recipient and is not financial product advice. Before making an investment

decision, recipients of this document should consider their own needs and situation and, if necessary, seek independent, professional advice.

The IM is comprised of statements of intent and opinion, many of which may or may not be realised or be accurate. The Trustee believes the information in the IM, including statements of intent and opinion, are based on reasonable assumptions. However, to the maximum extent permitted by law, none of the Trustee, nor its directors, members, associates or related entities, nor any other person related to the Trustee, represent or warrant the accuracy or completeness of the IM, or any information contained in it.

No responsibility or liability will be accepted by the Trustee, nor its directors, officers, members, associates or related entities, nor any other person related to the Trustee, for any loss or damage, howsoever arising, which results from reliance in whole or in part on such matters.

The recipient agrees that it shall neither sue nor hold any of the Trustee, its directors, officers, members, associates or related entities, or any other person related to the Trustee, liable in any respect whether in contract, negligence, equity or otherwise by reason of provision of the IM or any subsequent information and expressly releases them from such claims.

### FUTURE AND HISTORICAL PERFORMANCE

The IM may contain certain forward-looking statements with respect to the financial condition, results of operations and business of the Fund. These may generally be identified by the use of forward-looking terminology such as 'may', 'will', 'should', 'expect', 'anticipate', 'intend', 'continue', 'believe', 'target' or other variations or comparable terminology.

These forward-looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements.

Past performance and historical information contained in the IM are not necessarily representative or indicative of the future performance of the Fund.

### SUBSEQUENT CHANGES

No obligation is imposed upon the AAML or any other person related to AAML to advise a recipient of any information of which any party becomes aware of or any change to, or error in, the information contained in the IM.

Any recipient of this document should independently satisfy themselves as to the accuracy of all information contained herein.

### WITHDRAWAL OF OFFER

Any offer of Units made in the IM may be withdrawn at any time by AAML. In the event of withdrawal of the Offer, any application monies that have been received will be returned expeditiously.

### COOLING OFF PERIOD

An Offer under the IM is not subject to any cooling off period once Applications have been received.

### PHOTOGRAPHS

Photographs and other graphics are included for illustrative purposes only and do not form part of the substantive information upon which investment decisions should be based.

### DATE OF INFORMATION

All figures provided in this document are current as at 31 March 2022 unless otherwise indicated.

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# AAM Diversified Agriculture Fund (ADAF)

Established January 2020, grown to over \$420m portfolio of assets in 2.5 years



Delivered strong Total Return<sup>2</sup>

- FY21: 18.6%
- FY22: 18.2%<sup>3</sup> (estimate)

AAM's sustainability framework aligns with UN Sustainable Development Goals (SDG's).



Rated '4 Stars – Superior' by SQM Research and 'Highly Commended' by Evergreen

## AAM DIVERSIFIED AGRICULTURE FUND



<sup>1</sup> ADAF owns 44.1% of Southern Cross Poultry Fund (SCPF), <sup>2</sup> Total Return is calculated as the Distribution Yield (on contributed equity) plus the percentage change of the Unit Price for the relevant period.

<sup>3</sup> FY22 has been calculated using the September 2021, December 2021 and March 2022 distributions paid to investors and the estimated June 2022 distribution as well as the change in the unit price from 30 June 2021 to the unit price declared for this capital raising.



## ADAF year in review



**Financial performance FY22 estimate<sup>1</sup>**  
Income ~6.8%  
Total Return ~18.2%<sup>2</sup>



**Sustainability is good business -  
cost savings for SCPF**



**Invested \$80m in new assets and capital  
projects**



**Transitioned from beef to sheep on  
Western Queensland properties**



**Introduced new fibre  
vertical to the portfolio**



**214 km of exclusion fencing delivered  
capital uplift and long-term sustainability**

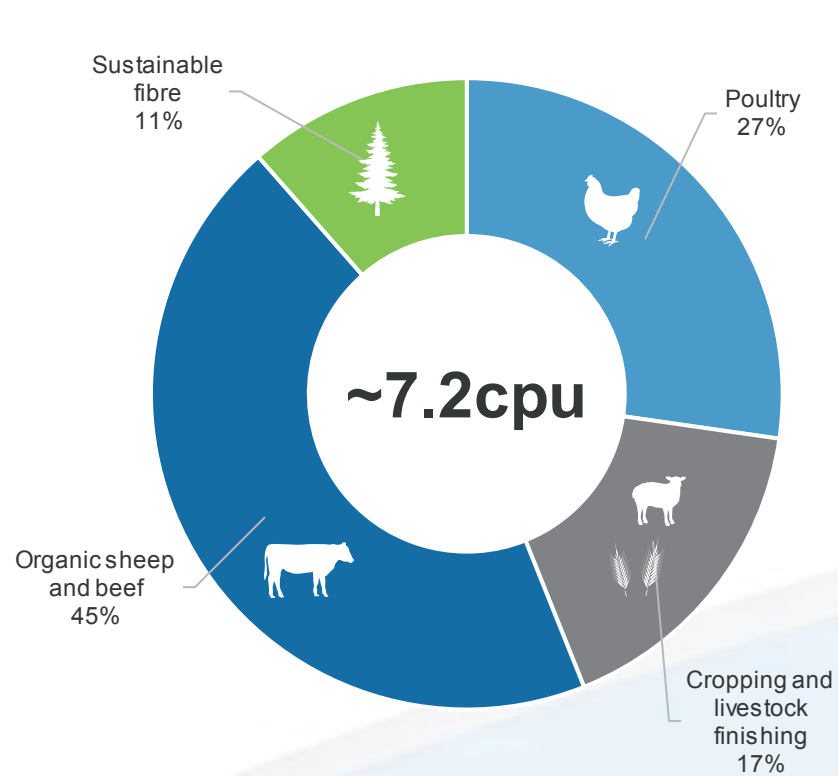
<sup>1</sup> FY22 has been calculated using the September 2021, December 2021 and March 2022 distributions paid to investors and the estimated June 2022 distribution as well as the change in the unit price from 30 June 2021 to the unit price declared for this capital raising.

<sup>2</sup> Total Return is calculated as the Distribution Yield (on contributed equity) plus the percentage change of the Unit Price for the relevant period.

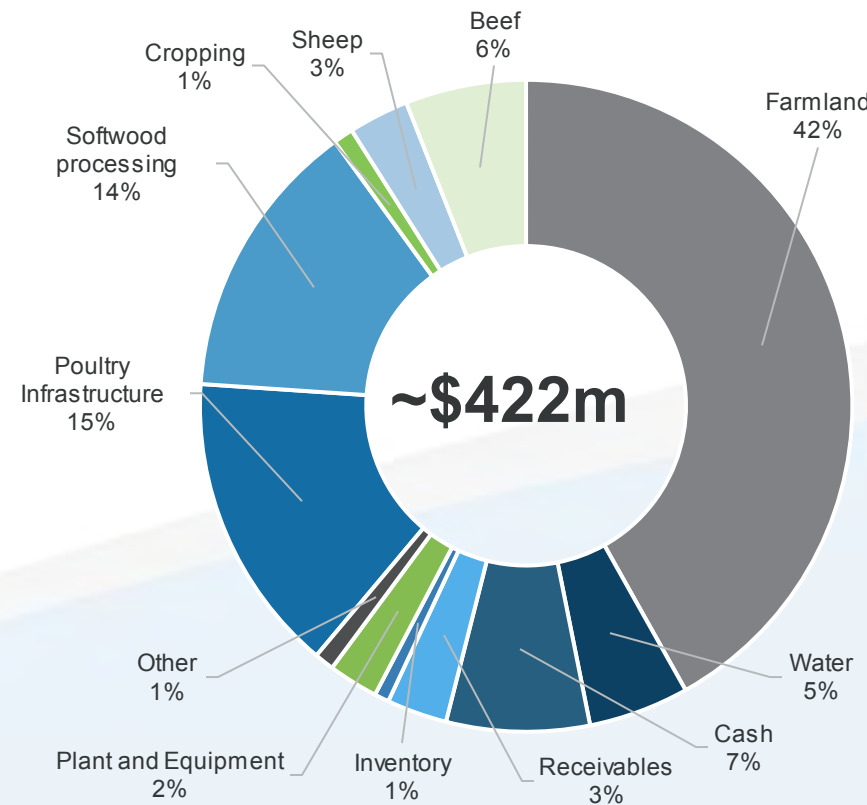
## Current portfolio snapshot

ADAF is gaining critical scale, with a portfolio of geographically diverse assets across mainstream agricultural sectors

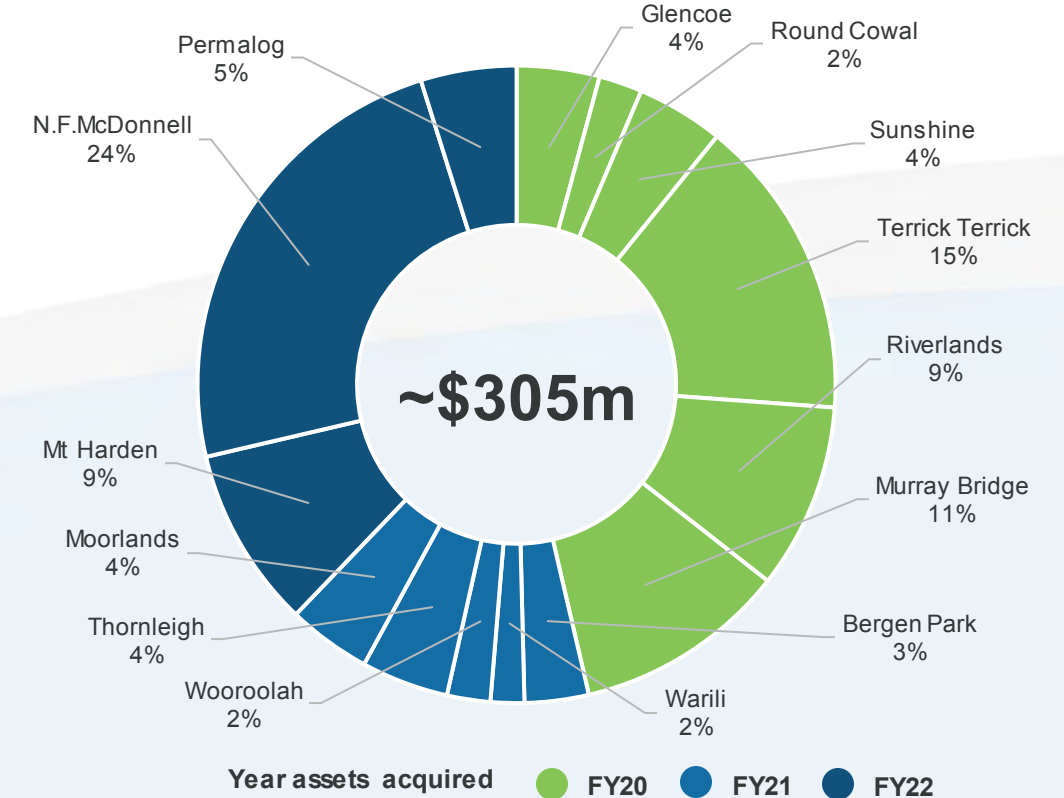
Portfolio by FY22 estimated distributions



Portfolio by asset value<sup>1</sup>



Property and business value<sup>1</sup>



Portfolio gearing level as at May 2022 - 29.1%

6 | <sup>1</sup> Based on March 2022 Asset Values with Australian Livestock Company and Sunshine Farms Aggregation assets adjusted for current external valuation



# 01

## Offer overview

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# ADAF offer summary


**Target \$60m capital raising<sup>1</sup> to fund expansion and improvements**  
 \$1.27 per unit issued in early July

1:4 entitlement offer for Unitholders	Additional capital offer for existing and new investors
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**6.0 cpu upward revaluation of Units since March 2022, driven by:**



Upward revaluation of beef and sheep properties in Western Queensland

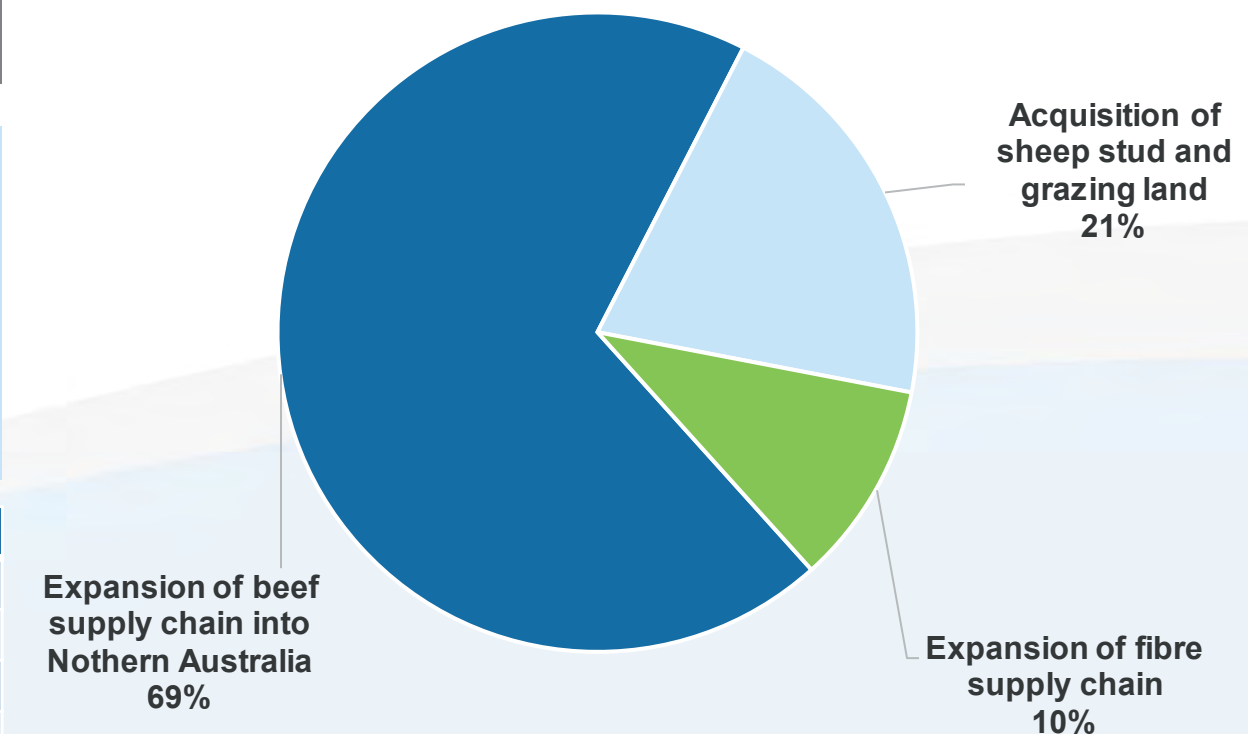


Upward revaluation of the cropping investment in Western New South Wales

Event	Date <sup>2</sup>
Offer Open	8 June 2022
Entitlement Offer acceptance and progressive allocations for Additional Capital Offer	8-28 June 2022
Application form due date	28 June 2022
Application monies due date	8 July 2022
Units issued week commencing	11 July 2022

Applications will be accepted in accordance with the AAM Diversified Agricultural Fund Information Memorandum dated 11 October 2021 and AAM Diversified Agricultural Fund Information Memorandum Addendum dated 8 June 2022. Pre-filled applications will be provided to existing investors as they return their entitlement allocation request form. Upon confirmation of an allocation under the Additional Capital Offer, investors will be provided with a link to the relevant application form. The Trustee has discretion to accept applications and requests for allocation outside of these dates, but prior to monies due date.

## Use of funds



8 | <sup>1</sup>AAM may accept additional participation above the total \$60m raise, within the Additional capital offer. AAM reserves the right to issue a lower number of Units and increase the drawn debt position in order to fund the acquisitions  
<sup>2</sup>Dates are subject to change at AAM's discretion



# ADAF portfolio overview

Access to a highly diverse portfolio of real assets at critical scale with hands on active management

Existing assets

## Proposed acquisitions

### Northern Australia expansion

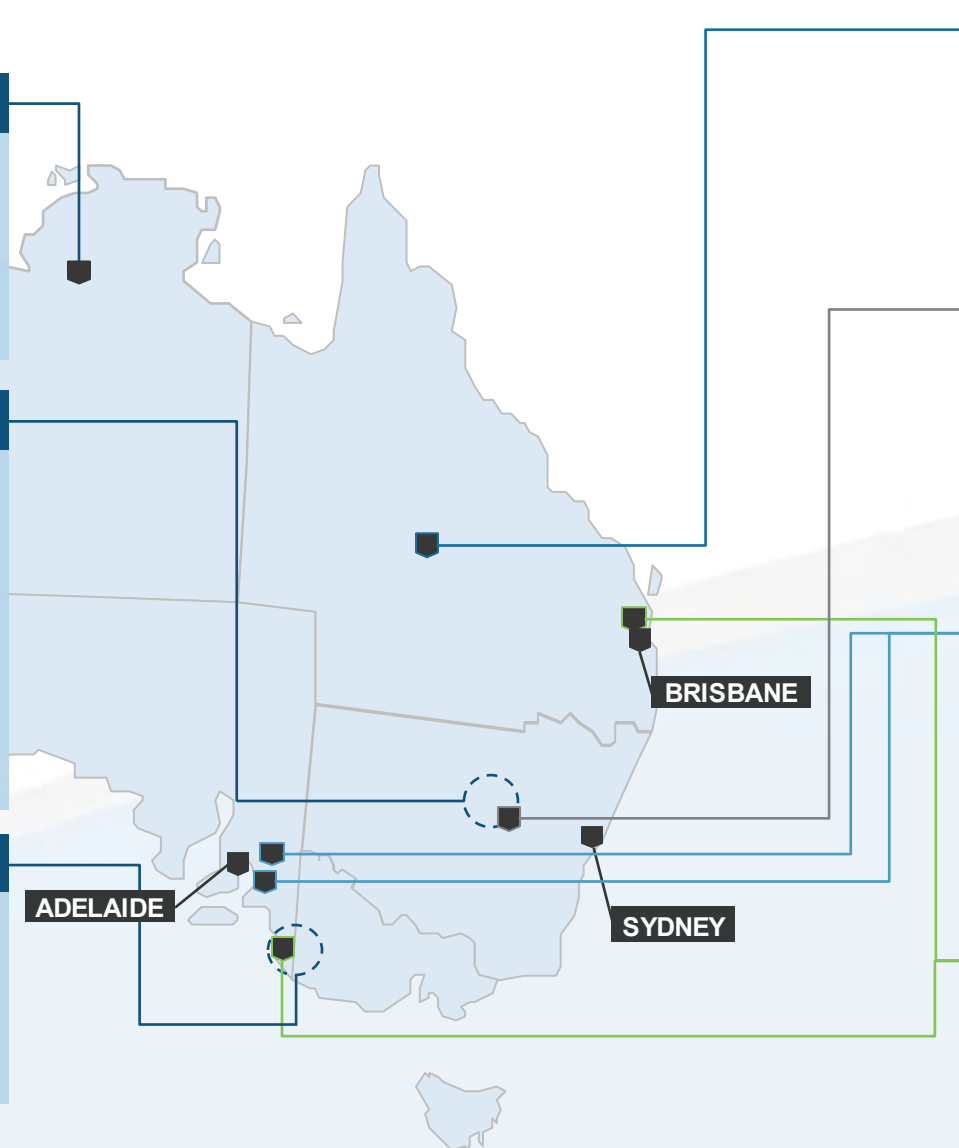
- Acquisition of 40,000hd
- Properties – 3 (leased)
- Total area (ha) – ~550,000
- Production type: pastoral operations, irrigated and dryland farming

### Sheep stud and grazing land

- Located in Central West NSW
- Properties – 2
- Total area (ha) – ~4,600
- Carrying capacity – ~7,000 (DSE)
- Titles – 6
- ~1,600ha Australian certified organic
- Production type: pastoral, cropping operations and sheep stud

### Fibre supply chain

- Located in SA
- Production Mill - 1
- Supply (m<sup>3</sup>) – 64,248 p.a.
- Finished product (m<sup>3</sup>) - 32,460 p.a.



### Australian Livestock Company (ALC)

- Properties – 5
- Total area (ha) – 135,244
- Carrying capacity – 22,140 (AE) or 177,120 (DSE)

### Sunshine Farms Aggregation (SFA)

- Properties – 5
- Total area (ha) – 14,027
- Water (ML) – 14,814
- Production type – mixed dryland, irrigated and livestock operation

### Southern Cross Poultry Fund (SCPF)<sup>1</sup>

- Farms – 11
- Poultry sheds – 90
- Chickens (p.a.) – 20m
- Solar (MW) – 1.4
- Tesla battery (MWh) – 2.28

### Australian Softwood Company (ASC)

- Production mill – 2
- Forests – 3
- Supply (m<sup>3</sup>) – 464,018 p.a.
- Finished product (m<sup>3</sup>) – 249,294 p.a.



<sup>1</sup> ADAF holds a 44.1% stake in SCPF

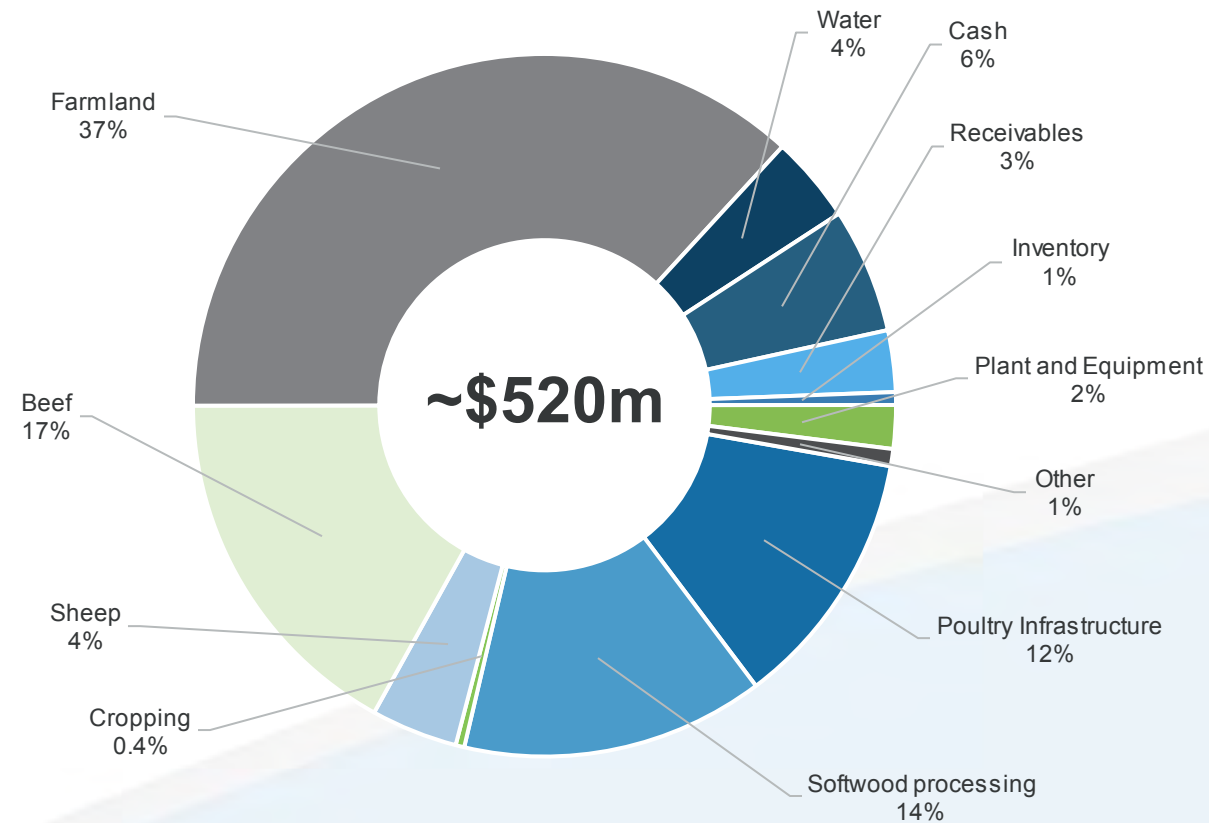
<sup>2</sup> One Adult Equivalent (AE) is equal to eight Dry Sheep Equivalent (DSE), Meat and Livestock Australia (MLA), Stocking Rates



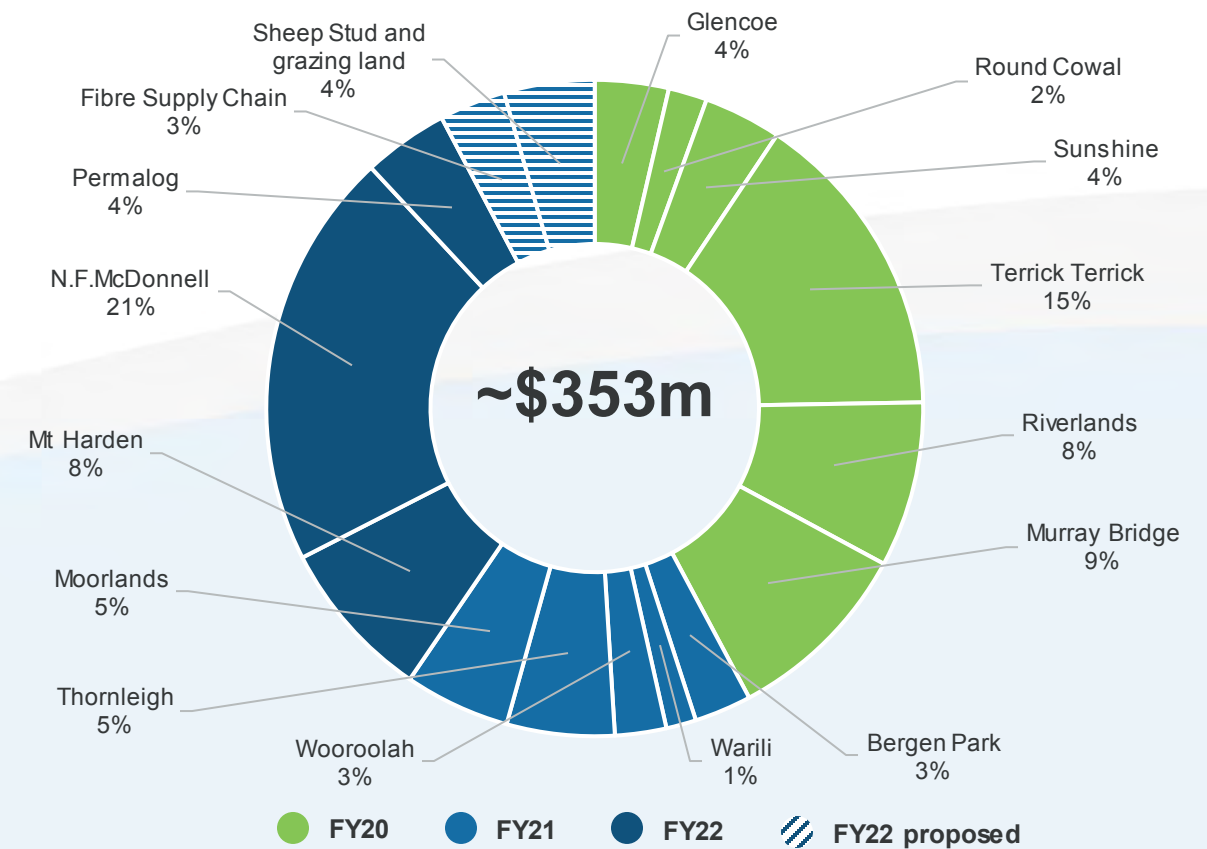
## ADAF portfolio post proposed acquisitions

The new acquisitions support the overarching strategy of ADAF to invest in assets that bring both local and portfolio-wide scale and operational efficiency, while growing the diversity of the ADAF asset pool

Portfolio by value<sup>1</sup>



Property and business value<sup>1</sup>



Portfolio gearing level post acquisitions - 32.4%

<sup>1</sup>Based on March 2022 Asset Values with Australian Livestock Company and Sunshine Farms Aggregation assets adjusted for current external valuations and acquisition cost for new acquisitions  
<sup>2</sup> Cash, receivables, inventory, plant and equipment and other assets.

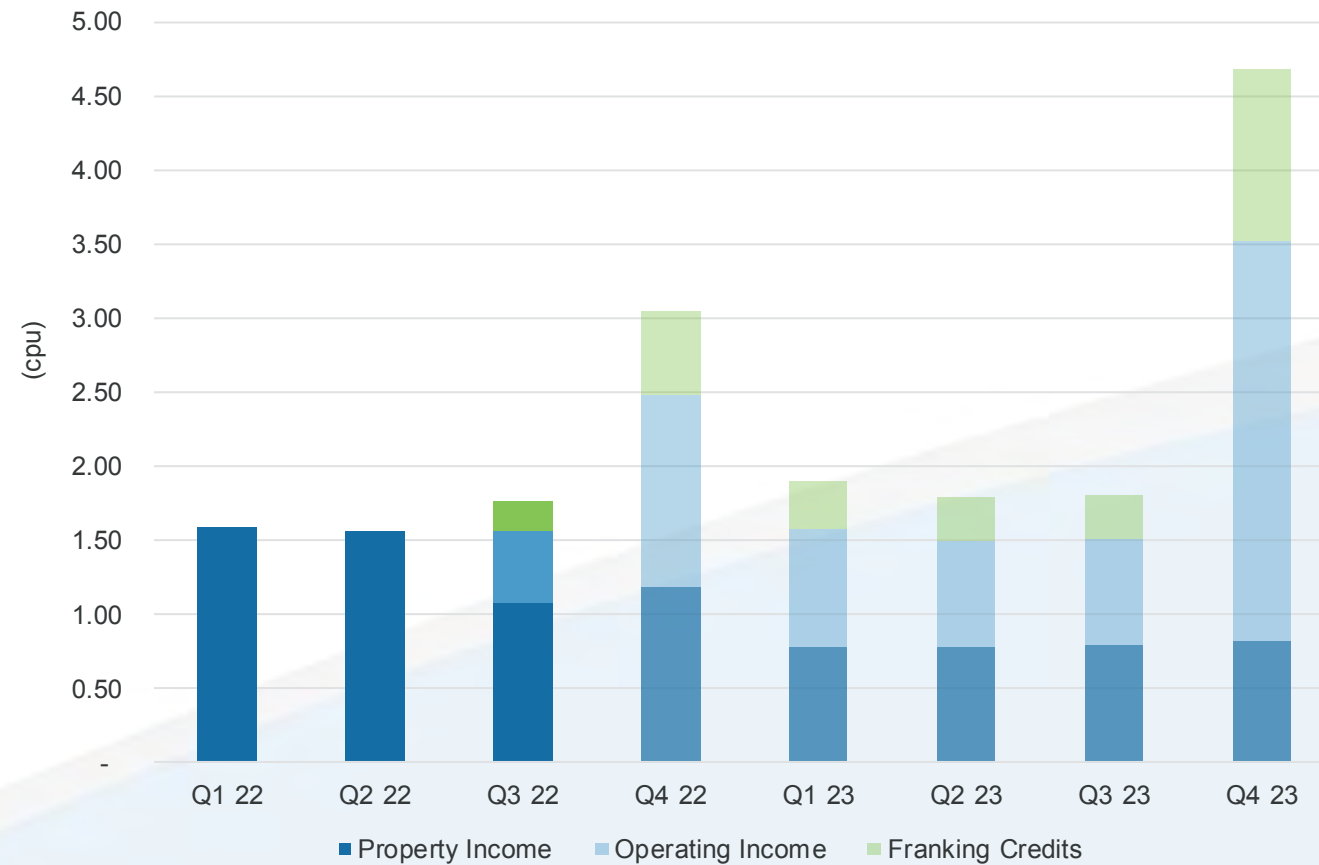


# A balance of income and growth returns

Distributions expected to stabilise as portfolio investments move through development phase to maturity

## Expected growth in earnings from multiple agricultural supply chains

FY20	FY21	FY22 estimate <sup>1</sup>	FY23 estimate <sup>1</sup>
1.745 cpu	6.50 cpu	7.20 cpu ~75% tax deferred, ~25% franked	7.75-8.25 cpu ~30% tax deferred, ~50% franked

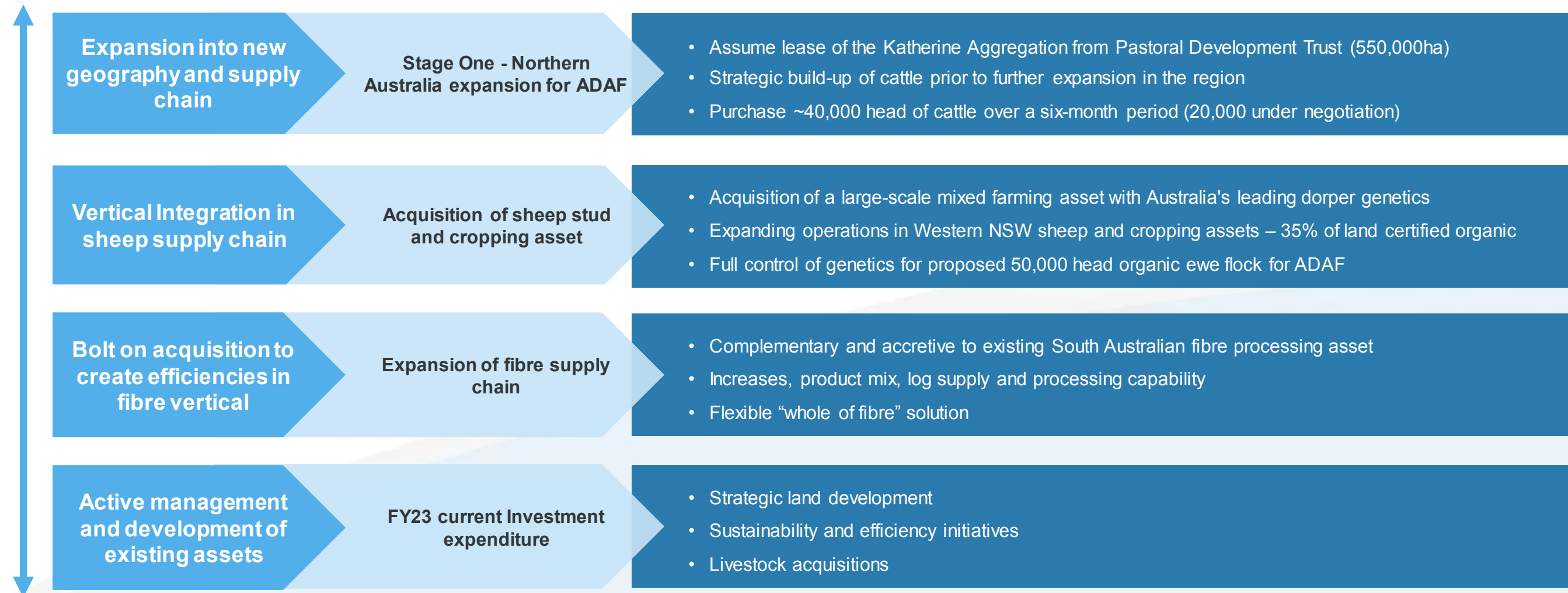


11 | <sup>1</sup>See key risk 'Forecast earnings and distributions' in the Additional information section



# Active management at scale across mainstream agricultural sectors

Demonstrating continued diversification by geography and integration across multiple commodity supply chains



## Fund investment strategy

Investments made by the Fund target to achieve a balance of income and strategic style investments

### Income investment



- Investments that produce higher or stable distribution yield
- Operations either underpinned by long-term supply or offtake agreements
- Investments generally backed by significant infrastructure on real assets

### Strategic investment



- Investments hold potential to create value by undertaking capital works on the assets to either change the use or the productive capacity of the land
- Creating operations which sustainably produce income streams for the Fund and increase the capital value of the asset

## A DIVERSIFIED STRATEGY CAN PROVIDE INVESTMENTS WITH MULTIPLE REVENUE STREAMS

Sustainable business practices, precision agriculture and renewable energy technologies

### Poultry



### Beef and sheep



### Cropping



### Fibre



### Other opportunities





# Poultry

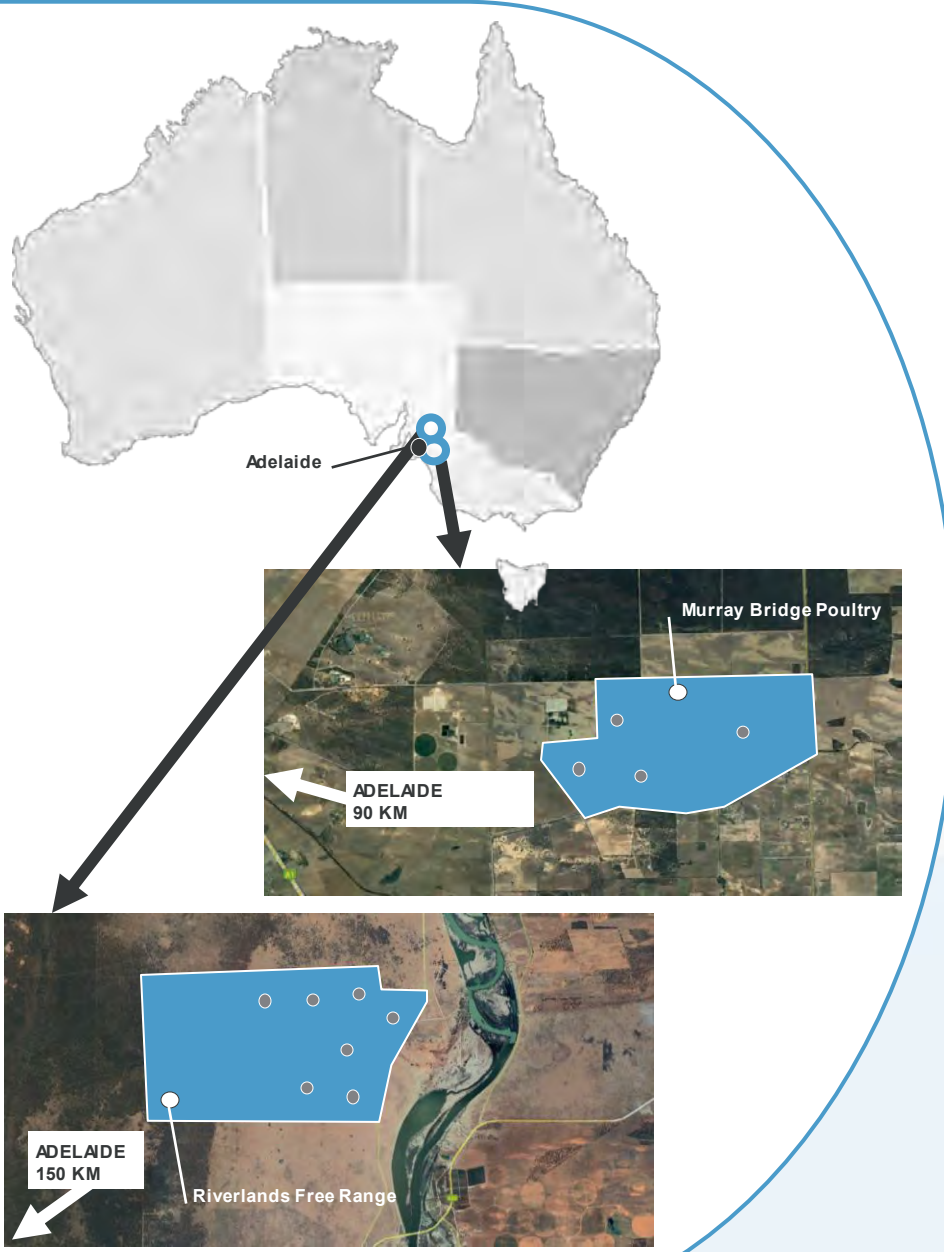
Poultry



Income



**Southern Cross Poultry Fund includes two asset locations in South Australia that produce ~20 million birds p.a. Supply is underpinned by contracts with Australia's largest poultry producer, Ingham's.**



## About the assets

- Two asset locations in South Australia across 11 farms and 90 modern poultry sheds
- Operating at scale as Australia's second largest poultry producer
- Riverlands Free Range houses the nation's largest on-farm solar battery, with 2.28 MW of storage, operating in conjunction with 1.4 MW of solar panels
- The Riverlands Free Range renewable energy platform enabled the significant reduction of GHG emissions and generates renewable energy to power ~1,000 homes



## Strategy

- Achieve significant operational scale and strong recurring cash flow generation
- Implement sustainable business initiatives to reduce energy costs and commercialise traditional waste materials into high quality organic fertiliser
- Enhance operational efficiencies to reduce operational costs through driving labour efficiency and applying leading edge technology to streamline and optimise production





## Beef and sheep

<b>Beef and sheep</b> 	<b>Strategic</b> 
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**Australian Livestock Company comprises five properties in Central West Queensland focusing on organic beef and sheep production.**

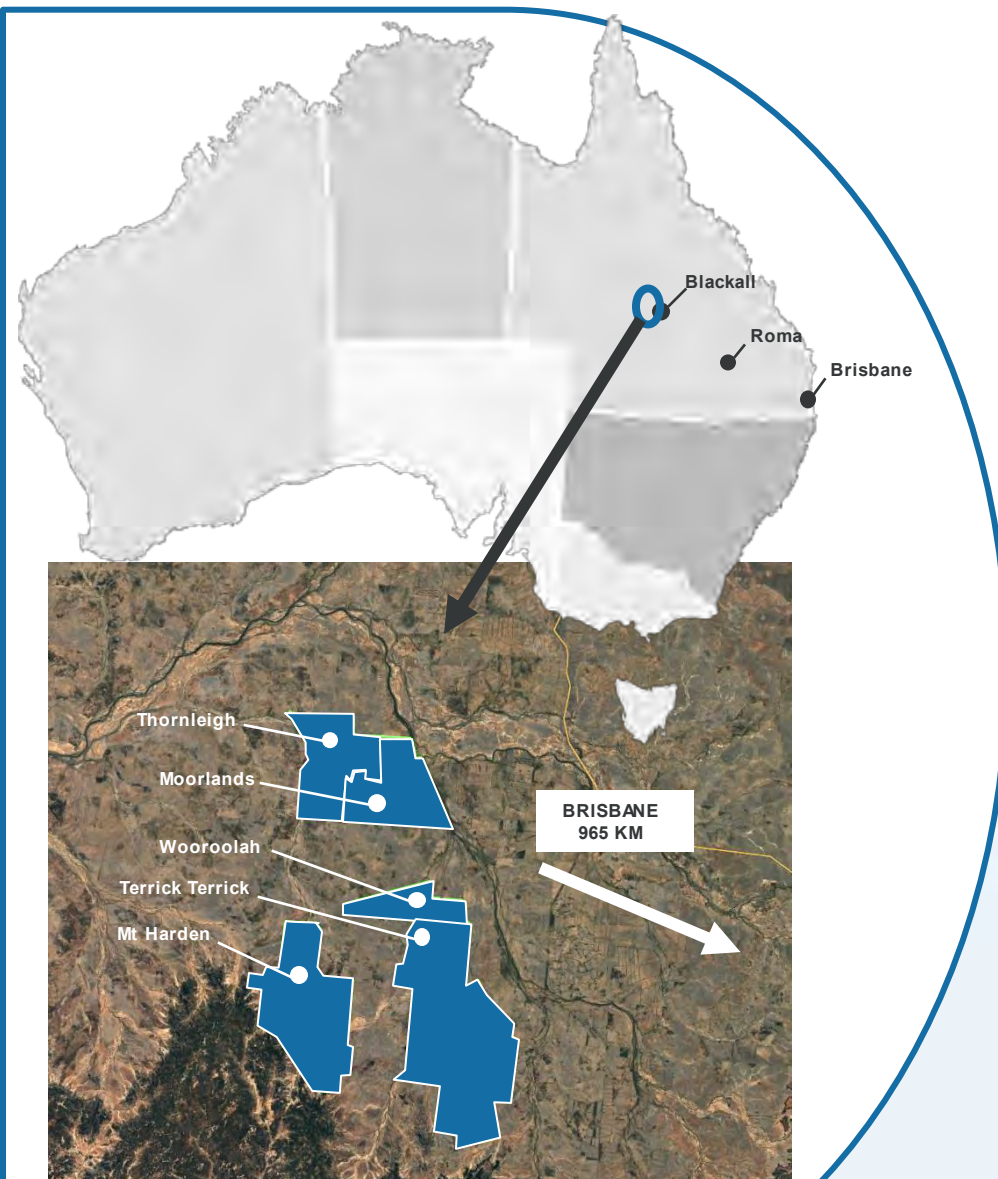
### About the asset

- The aggregation includes five properties, totaling 135,244 ha and carrying capacity of 22,140 (AE) or 177,120 (DSE).
- This new infrastructure will allow all properties to develop a strong body of diverse grasses and herbage to maximise production
- Has a centralised water system that lends itself to remote management through technology to improve production efficiencies





### Strategy

- Acquire up to 50,000 shedding breeding ewes (Dorpers) (30,000 acquired by June 2022)
- Develop an integrated lamb production business over the next two years aimed at producing ~75,000 organic lambs p.a.
- Retain core Ultrablack breeding herd to integrate with organic and conventional beef supply chains
- Continue investment in production improvement projects
- Develop pasture and herbage biomass management programs
- Incorporate leading edge technology to real time monitor water resources

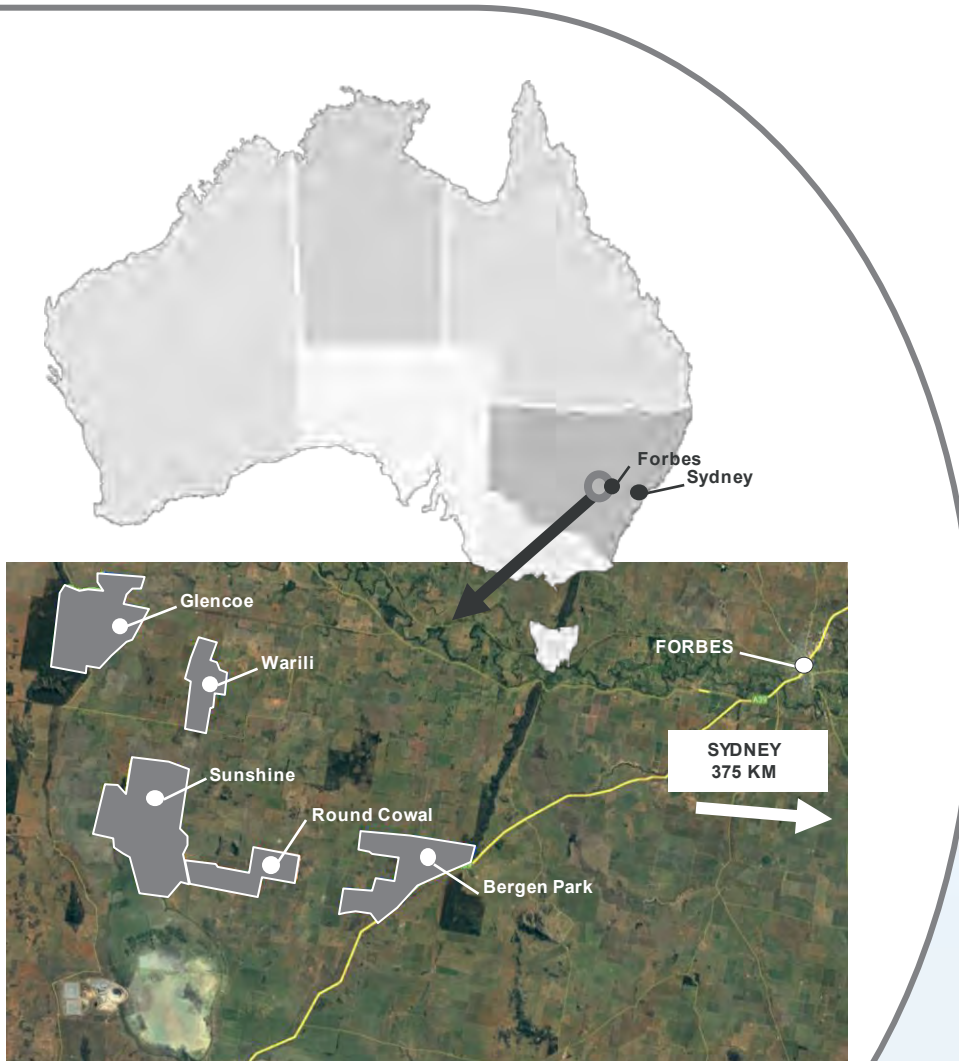




## Sheep and cropping

<p>Cropping</p> 	<p>Strategic</p> 
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**Sunshine Farms Aggregation comprises five properties located in Central West NSW. The aggregation focuses on mixed farming including cropping and sheep production.**



### About the assets

- Total land area of 14,027 ha focusing on dryland, irrigated cropping and sheep production
- Water licenses amounting to 14,814 ML
- Cropping production system based on maximising available water for both summer and winter crops
- Sheep production further diversifies revenues streams



### Strategy

- Maximise conversion of non-irrigated to irrigated land
- Maximise use of available water on high value irrigated crop varieties to generate greatest yield
- Create an integrated lamb production enterprise to diversify revenue
- Exploit operational synergies between Central West Queensland properties owned and managed by the ADAF

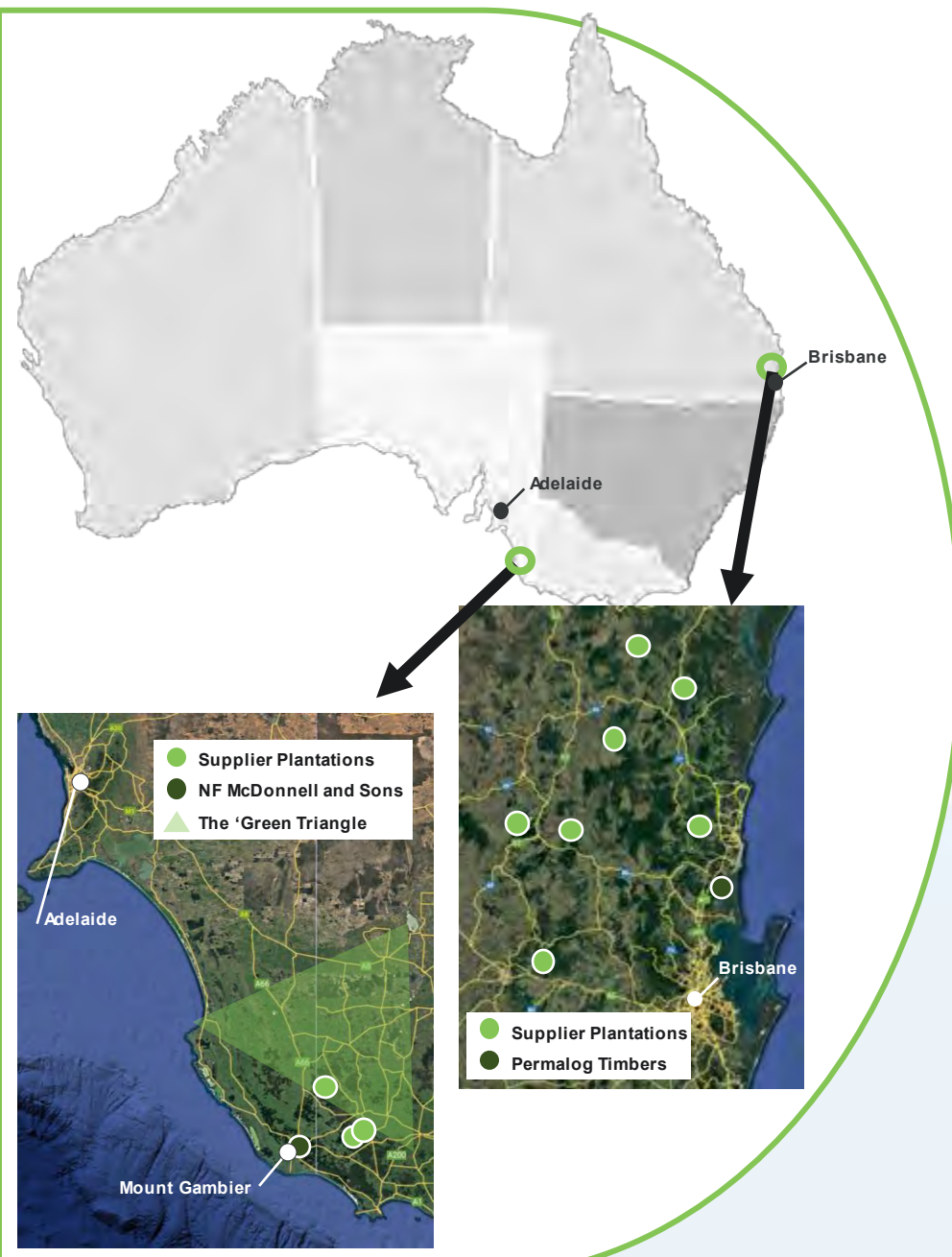




## Fibre



**Fibre processing businesses within Australian Softwood Company, in Mt Gambier, South Australia and Narangba, Queensland, processing over 447,000 tonnes**



### About the assets

#### NF McDonald and Sons

- Largest softwood timber processing business in Australia, focusing on packaging and landscaping products. Converts shorter and smaller diameter sawlogs into products for outdoor markets avoiding supply competition

#### Permalog Timbers

- Focus on landscaping products, perfect rounds and preservation posts with underutilised treatment facility infrastructure



### Strategy

#### NF McDonald and Sons

- Capital project investments in automation to increase average finished product price (higher revenue) and reduce operating expenditure, driving profitability

#### Permalog Timbers

- Investment opportunity to increase efficiencies and utilisation of treatment facility infrastructure with feedstock from external customers, including the AAM managed Sustainable Softwood Trust in NSW





# 02

## About AAM

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## Overview of AAM<sup>1</sup>

AAM is a large-scale, wholly Australian-owned operator and provider of strategic investment, asset management and operational management services to Australia's agricultural industry

### OPERATIONAL SCALE

When scale, innovation and sustainable practices are applied to assets spanning multiple commodities and geographic locations, enduring profitability can be achieved.

**~\$670m**

**Assets under management (AUM) across multiple agricultural sectors in four managed funds**

**~680**

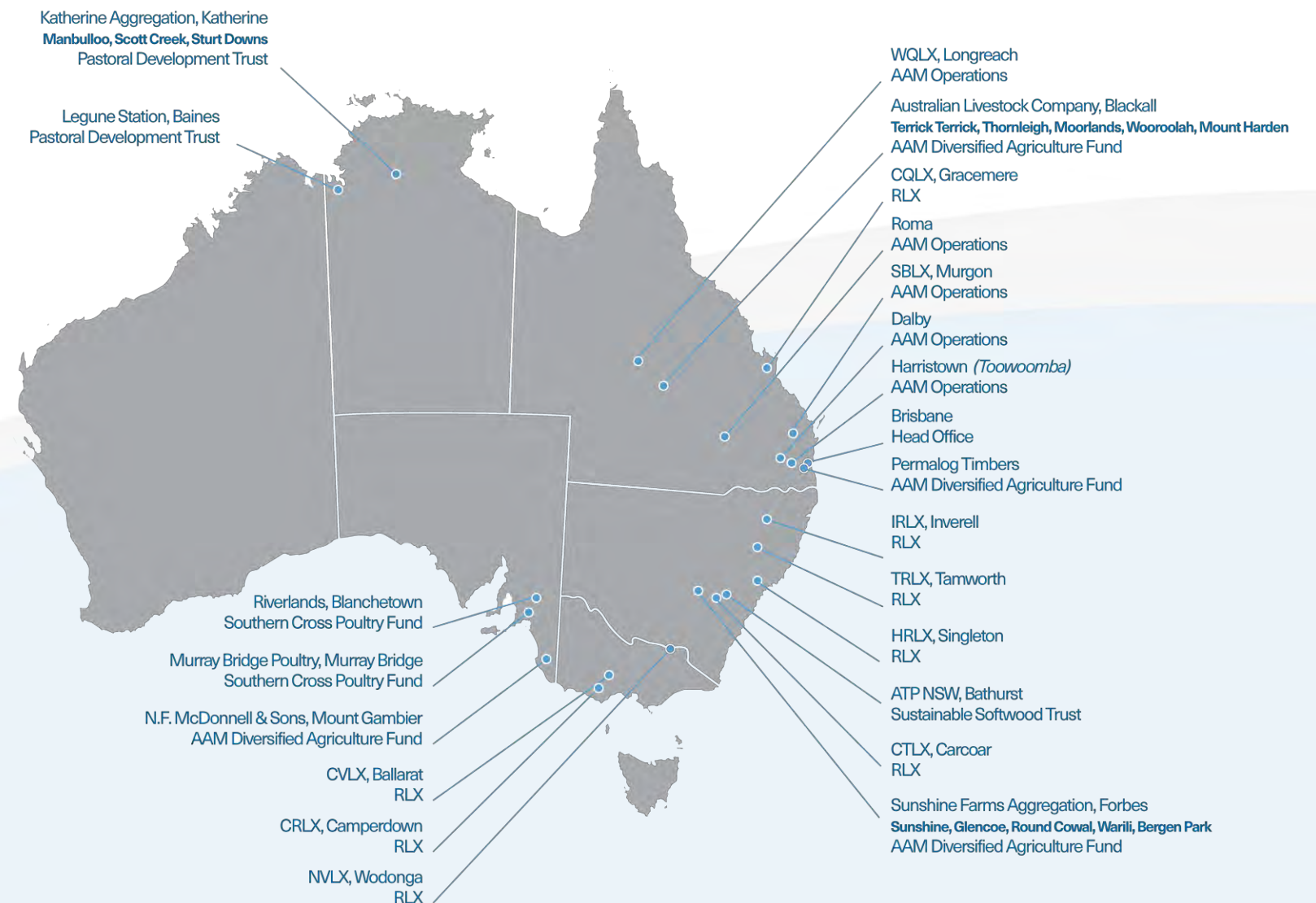
**Staff across five states and territories**

**33**

**Operational sites across Australia**

<sup>1</sup>As at May 2022

### Map of AAM managed and operated assets





# Building scale and access in Australian agriculture

A culture of diversified investment and 'all-in' approach to operational management, to create broad access to agriculture as an asset class

**Access to the agricultural sector at scale**

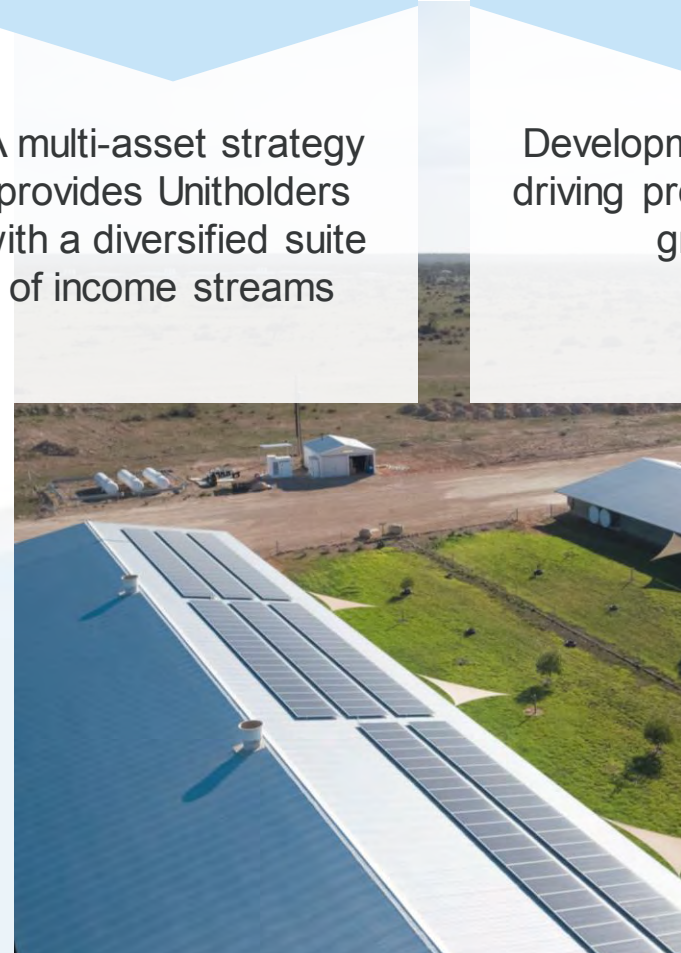
A mix of investments across the agricultural spectrum presents a balanced level of income and potential growth



'Glencoe', Forbes NSW (ADAF)

**Diversification managing risk and returns**

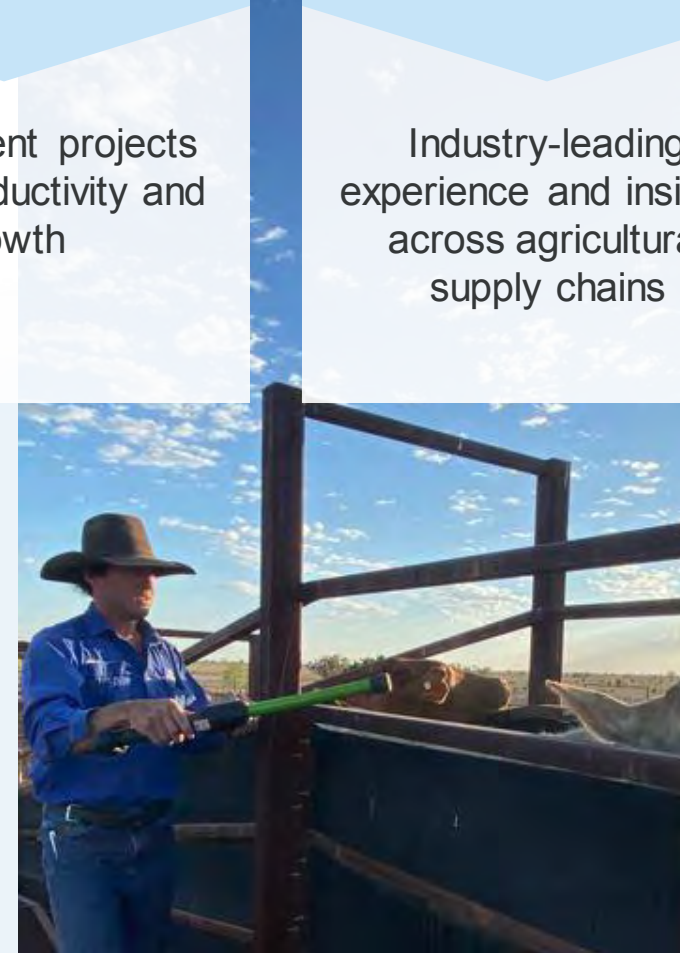
A multi-asset strategy provides Unitholders with a diversified suite of income streams



Riverlands Free Range (SCPF)

**Active management**

Development projects driving productivity and growth



'Terrick Terrick', Blackall QLD (ADAF)

**An owner-operator model**

Industry-leading experience and insights across agricultural supply chains

**Portfolio diversification and resilience**

Low correlation to traditional portfolio with sector demand driven by need to supporting a rising global population



'Sunshine', Forbes NSW (ADAF)

## UN Sustainable Development Goals (SDGs) alignment

As owners and operators of investor assets, AAM is committed to investing in environmental and social impact initiatives throughout its business

At AAM we believe sustainability is good business.

AAM's vision is to promote investment that leads change in the Australian agricultural industry to create a positive and sustainable legacy. We are committed to delivering sustainability initiatives at scale.

AAM recognises that Sustainable Development Goals (SDGs) adopted by the United Nations have resulted in a common language for organisations tackling sustainability challenges.

The 17 SDGs call for urgent action to create a better world, encompassing environmental, social and economic issues.

AAM has reviewed and aligned our Sustainability framework and its three key pillars of **Planet, People and Prosperity** to 14 SDGs as highlighted below.

We have used these goals to guide our areas of focus and to identify where our actions can have a positive impact across the multiple aspects of sustainability. We do this to drive better outcomes for our **Planet, People and Prosperity**.





## Community and economic impact

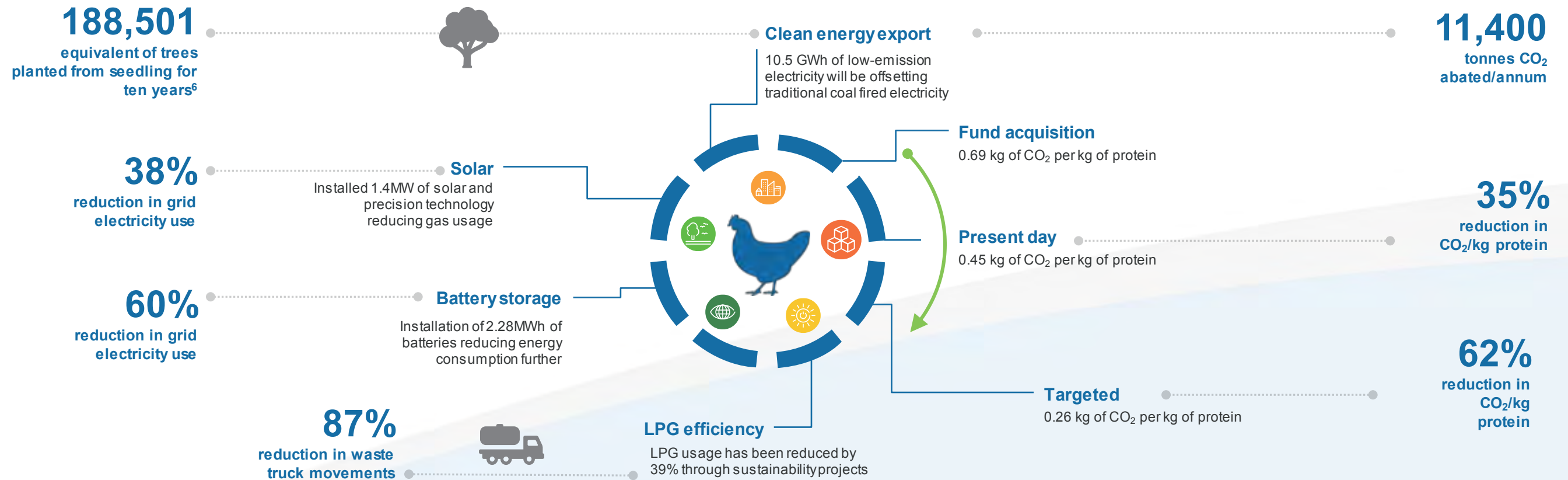
AAM invests in rural and regional Australia, in both businesses and farmland assets. AAM is focused on tangible outcomes and what it means for people in those communities





## Sustainability is good business for SCPF

Significant environmental and economic benefits from adopting precision agriculture and renewable energy technologies



Source information: Direct emission = scope 1 and 2 emissions according GHG Protocol, with AAM's emissions based on direct electricity and fuel use information provided by AAM, using National Greenhouse and Energy Reporting (Measurement) Determination 2008 (compilation 11, 2019), Assumes a national grid electricity factor of 0.82 and electricity produced will displace current fossil fuelled sources of electricity, Assumes national grid electricity factors remain constant, no grid future grid modelling taken place, Direct electricity and fuel use from M A MacLeod et al. 2013. Greenhouse gas emissions from pig and chicken supply chains – A global life cycle assessment. Food and Agriculture Organization of the UN, Rome, Direct electricity and fuel use from a S.G. Wiedemann et al. 2016. Resource use and environmental impacts from Australian chicken meat production. Journal of Cleaner Production, Based on United States Environmental Protection Agency Greenhouse Gas Equivalencies Calculator, Tonnes of carbon better off per annum from pre-acquisition emissions



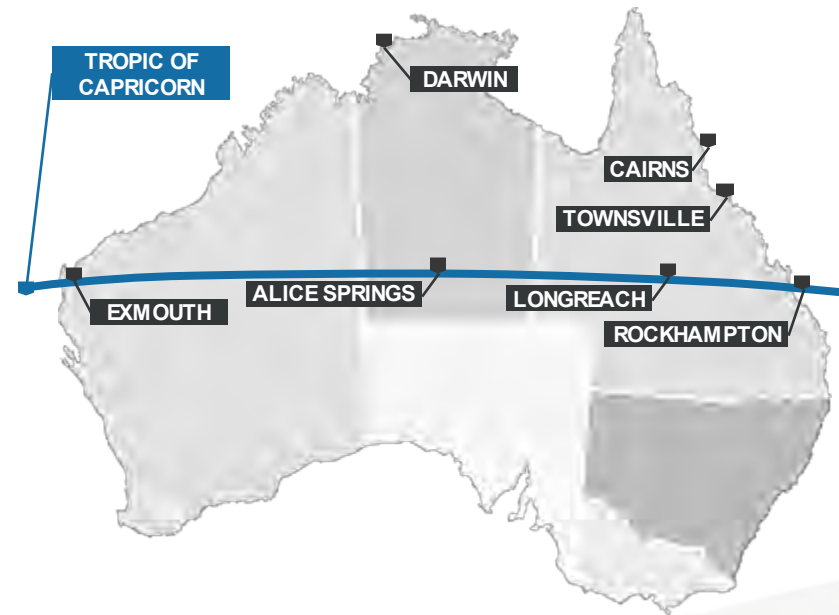


# 03

## Northern Australia expansion and proposed acquisitions

## Northern Australia expansion

Northern Australia is the area north of the Tropic of Capricorn spreading across Queensland, the Northern Territory and Western Australia



### A strong foundation - Pastoral Development Trust (PDT)



- AAM will leverage existing operational expertise and scale, and growing reputation in Northern Australia from development initiatives already undertaken in AAM fund, PDT
- Key developments on PDT include livestock water, intensive feeding infrastructure, exclusion fencing, rainfed cropping systems and future irrigation projects
- Improvements in productive capacity, reduced seasonality of cash flow and more sustainable management practices
- AAM is the successful proponent of the Keep Plains Agricultural Development in the NT
- The 67,500ha site adjoins Western Australia's iconic Ord River Irrigation Scheme and is the NT's largest ever land release for agricultural development

**60%**

of Australia's rainfall (2m GL)  
Substantial untapped groundwater resources

**~53%**

of Australia's land mass is in Northern Australia

**\$7bn**

Size of Government's Northern Australia Infrastructure Facility (NAIF).

**64%**

of the Australian beef cattle herd, ~17m head.

**\$5bn**

of committed government investment in transport infrastructure in Northern Australia



## Northern Australia - Emerging opportunities in a developed sector

Northern Australia has unique natural advantages in Australian agriculture with abundant undeveloped fertile land and access to water



### Relative value per productive capacity of the land

- Value per productive unit is favourable in Northern Australia when compared to Eastern States
- Tightly held land holdings – e.g. Only 213 pastoral leases privately owned in the Northern Territory



### Diversifies and strengthens ADAF in critical regional and agricultural sectors

- Proximity to growing Asia Pacific markets for mainstream food and fibre
- Asia Pacific projected to consume 50% of the world's food by 2030
- Demand remains strong for beef and mainstream soft commodities



### Significant farming development potential

- Potential for capital growth from change of use development
- Private investment in upstream processing infrastructure such as the Katherine Cotton Gin. This supports an opportunity for expansion into high yielding cotton crops



### Existing expertise to manage assets at scale in Northern Australia

- AAM has operational expertise and scale, strong culture and growing reputation in Northern Australia from development initiatives already undertaken



## Expansion into Northern Australia

<p>Northern Australia expansion</p> 	<p>Strategic</p> 
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The investment into the Katherine Aggregation is based on the development of land and the enhancement of livestock supply chains across Northern Australia



### Strategy

- Initially take over the lease of the Katherine Aggregation from PDT (550,000ha)
- An 'at scale' Northern Beef supply chain requires capital to support an ~80,000 head breeder herd, significant further land, livestock and farming development over three years
- Stage one is the strategic build-up of cattle prior to the purchase of significant land holdings in the region for livestock and farming development



### What is the initial investment

- Purchase ~40,000 head of cattle over a six-month period (20,000 already under negotiation)
- The Katherine Aggregation is centrally located in relation to livestock movements in the Northern Territory and proximity to Darwin
- Access to Stuart Highway allows for wet season, southern and east coast market options year round

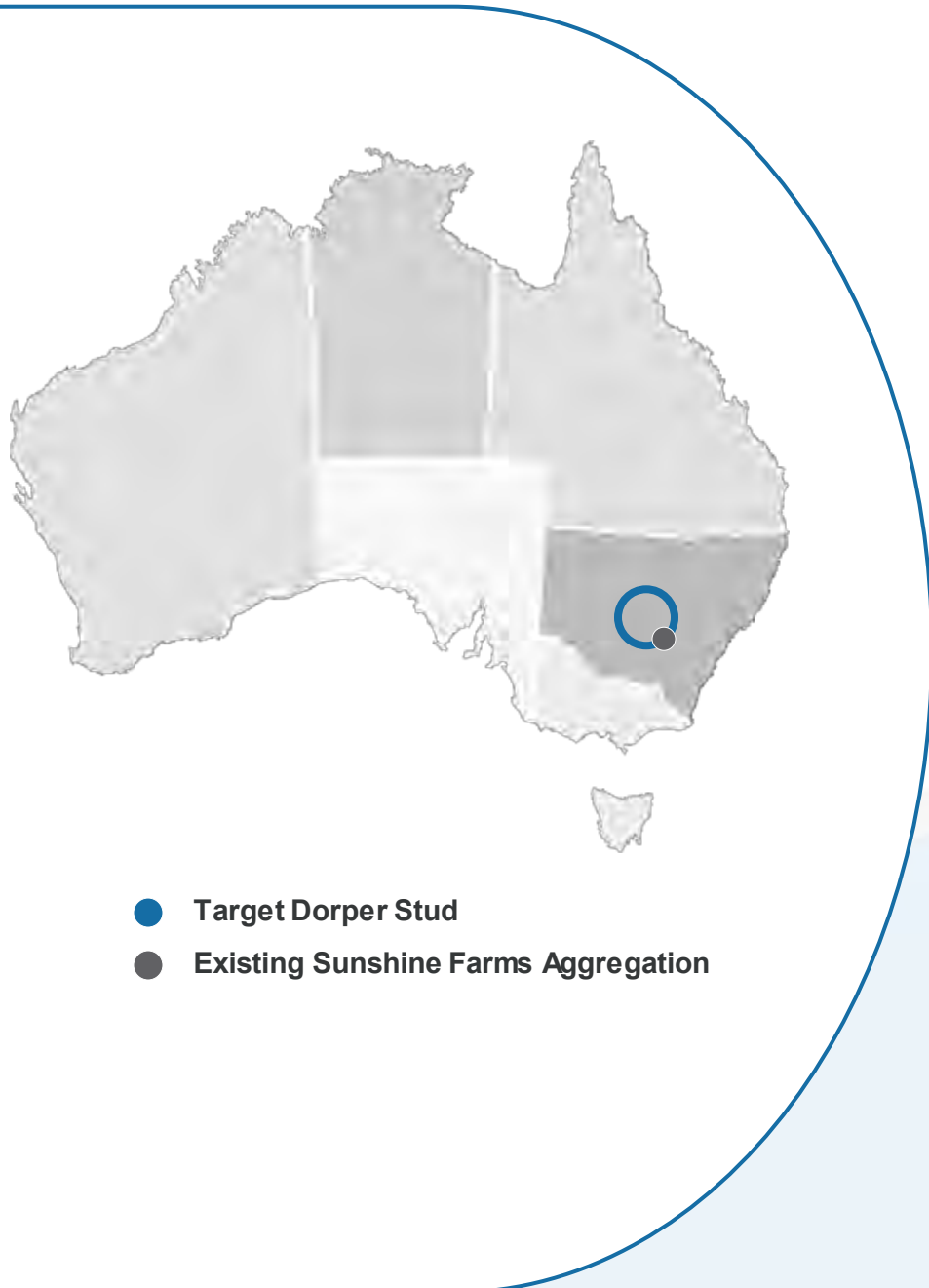




## Acquisition of sheep stud and grazing land

<p>Sheep stud and grazing</p> 	<p>Strategic</p> 
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Target assets provide the gateway to developing the highest performing organic dorper flock of scale in Australia



### Strategy

- Acquire one of Australia’s leading dorper stud operations, to add value to existing ADAF assets, at SFA and ALC
- Acquisition will allow for the enhancement and improvement in dorper genetics across existing flock in the form of weight gain, fertility, durability
- Vertical integration and scale in organic sheep breeding supply chain will drive profitability and sustainability outcomes

### Why we are acquiring it

- Full control of genetics for target 50,000 ewe flock at ALC
- Large scale land assets that complement existing portfolio – 35% of land certified organic
- Underutilised irrigation area can be further expanded using existing water licences
- Established brand and operating business and access to key intellectual property in the dorper industry



## Expansion of fibre supply chain

<p>Fibre supply chain</p> 	<p>Income</p> 
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### Building scale and market presence in the sustainable softwood timber supply chain



- Target Timber Assets
- Existing Timber Assets

### Strategy

- Continue to expand and build on the established sustainable fibre pillar within ADAF through acquisition of a further timber mill, to achieve a complementary national fibre supply chain
- Building scale in Australia's sustainable timber industry
- Existing knowledge that can be built on with new acquisition
- Increases product mix, log supply and processing capability



### Why we are acquiring it

- Complementary operation to existing ownership
- Cash accretive operation and not impacted by seasonal commodity income
- Ability to provide a whole of fibre solution (forestry) and for processing to be done at the facility that generates the greatest value
- Potential for further development to increase earnings







# 04

**Additional information**

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## Risks

In addition to the risks outlined in the IM, the following risks are relevant to this Offer

Risk	Detail
<b>Commodity pricing</b>	Commodity prices are at long term highs for a number of commodities that the Fund generates. A material revision of these market prices may impact the earnings of the Fund and its ability to pay distributions.
<b>Transaction not proceeding</b>	Equity being raised under this Offer is being used to fund acquisitions. There is additional equity that is being raised beyond what is currently contracted. There is a risk that AAM may not be able to deploy the capital as planned. The additional cash may reduce earnings until it is deployed to acquisitions.
<b>Further capital raisings</b>	The Fund will from time to time open to allow existing Unitholders to increase their investment in the Fund or bring in new investors to raise sufficient capital to acquire assets that are in line with the strategy outlined in the IM. Additional investments could include an expansion of the existing portfolio, a new commodity vertical, or expansion within existing supply chains. New commodity verticals or supply chain expansion may introduce new risks for Unitholders in the Fund.
<b>Forecast earnings and distributions</b>	<p>Forecast distributions are based on the operating business performing in line with expectations. Forecasts have been calculated on the expectation that historical performance will continue into the future and there are no material changes to commodity prices.</p> <p>These forward-looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice, and may involve elements of subjective judgement and assumptions as to future events which may or may not be correct. Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Past performance and historical information contained in the IM and IM Addendum is not necessarily representative or indicative of the future performance of the Fund.</p> <p>In any year, the costs and expenses payable by the Fund may be greater than expected, in which case distributions may be lower than anticipated or zero. Unitholders should be aware that the level of returns on their investment will be contingent on the profits of the Fund and free cash flow available for distribution after sufficient provisioning for ongoing operating costs, debt repayments and capital expenditure.</p>



## Offer overview

<b>Offer</b>	<p>The \$60m capital raising is made up of:</p> <ul style="list-style-type: none"> <li>• 1:4 June 2022 Entitlement Offer open to Unitholders</li> <li>• June 2022 Additional Capital Offer open to existing and new investors</li> </ul> <p>Units will be issued at \$1.27 in the week commencing 11 July 2022</p>
<b>June 2022 Entitlement Offer</b>	<p>Existing Unitholders can subscribe for 1 New Unit for every 4 Existing Units they hold as at the Record Date (7 June 2022) at an Offer Price of \$1.27 per New Unit (June 2022 Entitlement Offer). Investors who take up part or all of their entitlement are guaranteed their allocation.</p> <p>The June 2022 Entitlement is non-renounceable.</p>
<b>June 2022 Additional Capital Offer</b>	<p>Existing and new investors may request New Units (for existing investors, above their calculated June 2022 entitlement) under the Additional Capital Offer. These units will be progressively allocated. The Trustee reserves the right to increase the available offer or close the offer early.</p>
<b>New Units</b>	<p>New Units issued will rank equally with existing Units in ADAF and will be fully entitled to the future potential distributions from 1 July 2021. New Units will not be entitled to the June 2022 distribution.</p> <p>For each New Unit issued, investors will receive one unit in the AAM Diversified Agriculture Real Asset Trust valued at \$1.14 and one unit in the AAM Diversified Agriculture Operating Trust valued at \$0.13. The combination of these two units equal the \$1.27 invested.</p>

## Offer overview

<b>Offer Price</b>	<p>The Offer Price has been calculated in accordance with AAM’s unit pricing policy and reflects the latest market valuation of all ADAF properties and operations.</p>
<b>Use of Proceeds</b>	<p>Proceeds from the Offer will be used to fund a combination of livestock purchases, property acquisitions and investment in capital projects across the portfolio of investments in the Fund.</p>
<b>Acceptance of Offer</b>	<p>Existing Unitholders wishing to participate in the Entitlement Offer must ensure that they subscribe through the online <b>Offer Acceptance Form</b>. This will need to be submitted before 5.00pm (AEST) on 28 June 2022 (Closing Date), otherwise their rights under the Offer will lapse.</p> <p>Existing and new investors seeking units under the Additional Capital Offer must request their allocation before 5.00pm (AEST) on 28 June 2022 (Closing Date).  <b>Existing investors</b> can request their additional allocation when completing their Offer Acceptance Form.  <b>New investors</b> can request their allocation by completing the Allocation Request Form.  Both Forms can be found on the Offer webpage (<a href="http://www.aamig.com.au/june2022raise">www.aamig.com.au/june2022raise</a>)</p> <p>Please note that additional unit allocations are not guaranteed and the Offer may close earlier or later subject to Trustee discretion.</p>
<b>Application Form and Application Monies</b>	<p><b>Existing investors:</b> Following receipt of the Offer Acceptance Form from Unitholders, AAM will provide confirmation of their subscription and Offer and a pre-filled application form which will need to be executed by each investor and sent directly to <a href="mailto:invest@aamig.com.au">invest@aamig.com.au</a>.</p> <p><b>New investors:</b> Upon receipt of the Allocation Request Form, AAM will provide confirmation of subscription allocation and a link to the Application Form (both online and as a fillable PDF). This will need to be executed by each investor and can be completed online or sent directly to <a href="mailto:invest@aamig.com.au">invest@aamig.com.au</a>.</p> <p>Instruction to pay the Application Monies will be detailed in the Application Form provided by AAM.  <b>Application forms</b> due by 5.00pm (AEST) on 28 June 2022  <b>Monies due</b> by 5.00pm (AEST) on 8 July 2022.</p>



## Research reports

Reports can be provided upon request to wholesale investors.



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# 05

## Appendices



# Appendix A

## Why invest in agriculture?

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## Era-defining global food trends

Agriculture is at the intersection of era-defining global food demand trends that are transforming society as we know it

**9.7bn**

Expected population by 2050 – an increase of 33% from 2015<sup>1</sup>

**130m**

By providing food for just over 130m people, Australia can support a population over five times larger than its own<sup>2</sup>

**70%**

The growing global population is expected to demand 35% more food by 2030 and a 70% increase in the demand by 2050<sup>3</sup>

**153%**

The Asia Pacific middle class population is expected to increase to ~3.5bn people by 2030 from ~1.3bn in 2015, an increase of 153%<sup>4</sup>

**50%**

The Asia-Pacific region is set to consume more than half of the world's food by 2030<sup>5</sup>

**45.3kg**

Urbanisation is driving change in consumption patterns – processed food and meat consumption per capita is expected to reach 45.3kg in 2030, an increase of 8.9kg from 1997-1999<sup>6</sup>

Sources:

<sup>1</sup> World population projected to reach 9.7 billion by 2050, UN DESA, United Nations Department of Economic and Social Affairs; <sup>2</sup> 'Food bowl' rhetoric or reality: Part 2, Agribusiness Bulletin, Deloitte Australia <sup>3</sup>PWC ADAPT, The five urgent global issues, <sup>4</sup>The Unprecedented Expansion of the Global Middle Class – An Update, Homi Kharas, February 2017; <sup>5</sup> CSIRO, NAB – Australian Outlook 2019 <sup>6</sup>Agriculture 4.0: The Future of Farming Technology, February 2018



## Asset acquisition profile

Generational changes and capital constraints provide opportunities to evolve the ownership and management of land and businesses

### Family succession

- Generational changes of operators of commodity-specific businesses are becoming more common
- Succession is driving the divestment of multi-generational assets

### Operations not at scale

- Operational inefficiencies due to utilisation of procedures that are not considered best practice
- Quality and consistency of production varies with asset management and levels of capitalisation
- Generational change drives momentum towards large scale operations

### Access to capital

- Commodity-specific family-run businesses are traditionally conservative with spending and/or impacted by tightening bank lending policies, resulting in under-capitalised operations
- Existing internal reporting systems may result in difficulties accessing debt financing

### Farming practices

- Existing farming operation may not be the highest and best use, thus not realising the full potential of the geography
- Over-intensified farming practices which creates significant variability in outputs inhibit long term sustainability

### Segregated assets

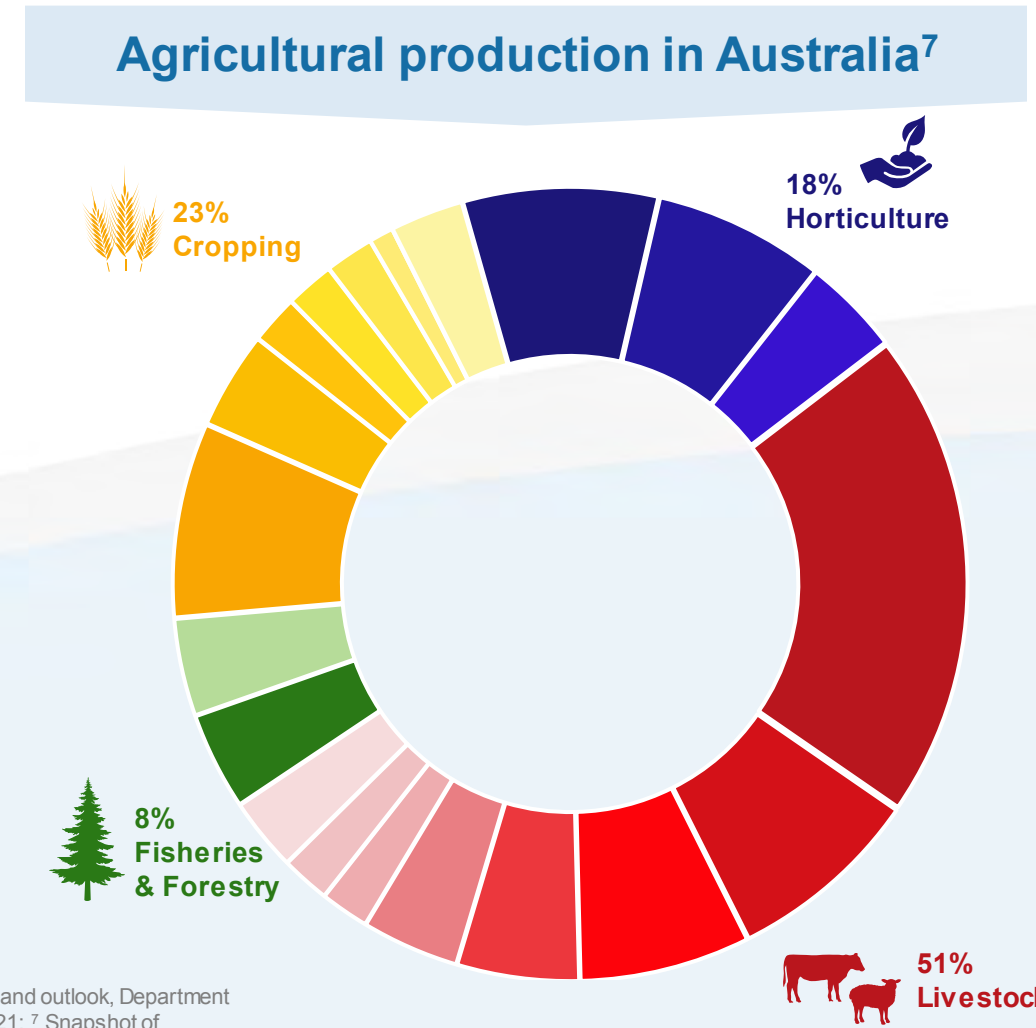
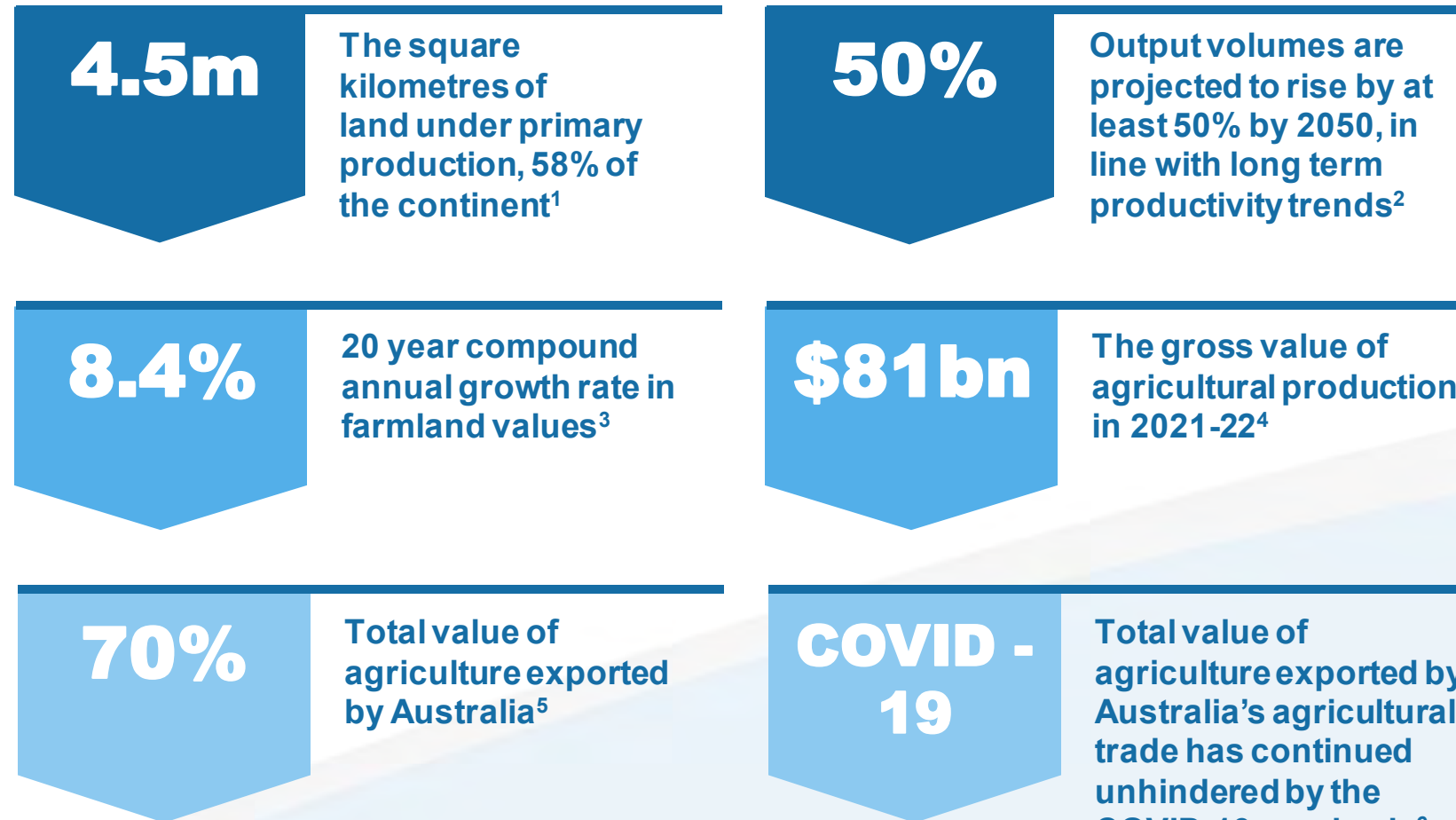
- Commodity-specific operations are commonly stand-alone assets and do not benefit from being part of an efficient integrated supply chain

### Adverse market exposure

- Fluctuations in commodity markets cause both input and output volatility

## Agriculture in Australia – an unfair advantage

Australia has unique natural circumstances that are beneficial for investment by domestic and international investors

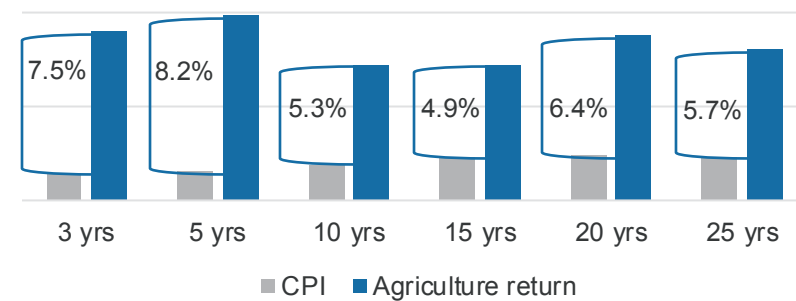


Sources: <sup>1</sup> Insights- Land use in Australian, ABARES, 2021; <sup>2</sup> Australian National Outlook 2015, CSIRO 2015; <sup>3</sup> Australian Farmland Values, Rural Bank, 2022; <sup>4</sup> Agricultural forecasts and outlook, Department of Agriculture, Water and the Environment, ABARES, March Quarter 2022; <sup>5</sup> Insights- Land use in Australian, ABARES, 2021; <sup>6</sup> Insights- Land use in Australian, ABARES, 2021; <sup>7</sup> Snapshot of Australian Agriculture 2021, Department of Agriculture, Water and the Environment, ABARES, 2021



## Australian agriculture has strong risk adjusted returns

Long-term Australian agriculture returns have far outpaced inflation<sup>1</sup>



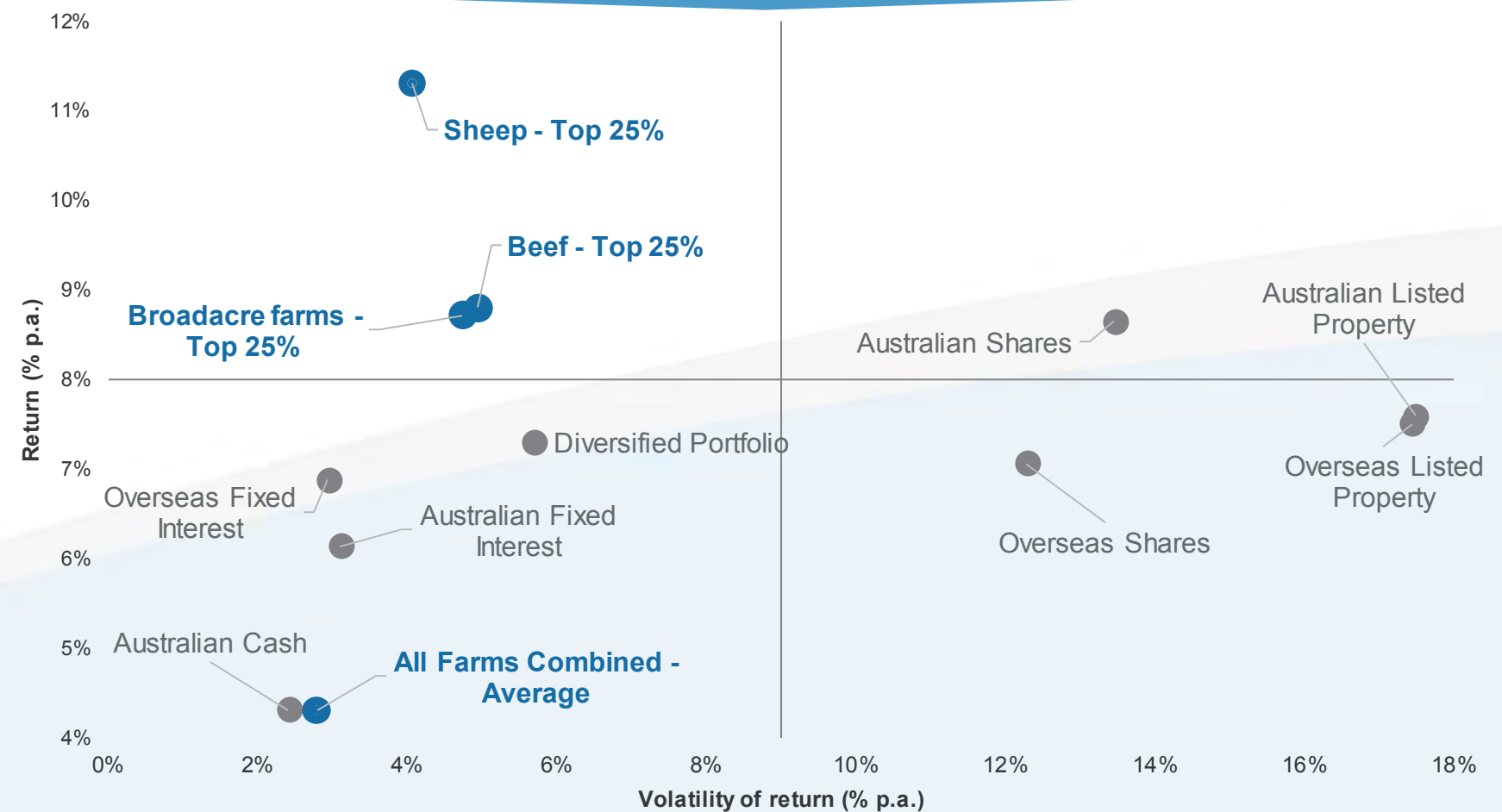
But not all farms are equal when it comes to performance. Key drivers of on-farm performance are:

Scale

Management skill and labour flexibility

Financial capacity

Delivering an attractive risk adjusted return profile compared to major asset classes over 25 years to December 2020



Source: Atchison Consultants - Inclusion of Australian Agriculture in a Portfolio – July 2021

<sup>1</sup>Real & Nominal Agriculture Returns to December 2020

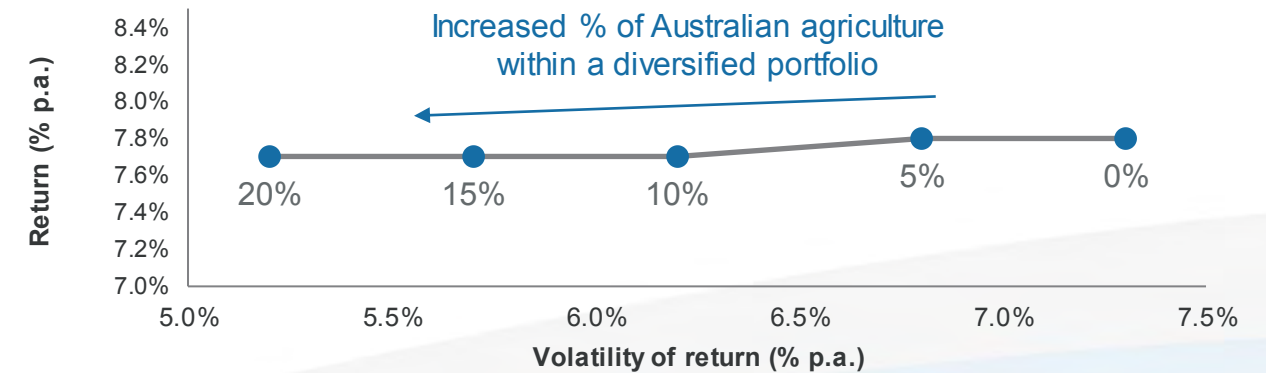
## Clear benefits to inclusion in portfolios (25 years to Dec 2020)

### Low correlation to other asset classes

	Aust shares	O'seas shares	Aust LP	O'seas LP	Aust FI	O'seas FI	Aust Cash
<b>Australian agriculture</b>	<b>-0.05</b>	<b>-0.18</b>	<b>-0.03</b>	<b>-0.02</b>	<b>-0.07</b>	<b>-0.02</b>	<b>0.04</b>
Aust shares		0.54	0.69	0.72	-0.08	-0.12	-0.06
O'seas shares			0.42	0.40	-0.02	-0.23	-0.10
Aust listed property				0.69	0.17	0.14	-0.08
O'seas listed property					-0.04	0.01	-0.06
Aust fixed interest						0.69	0.23
O'seas fixed interest							0.17

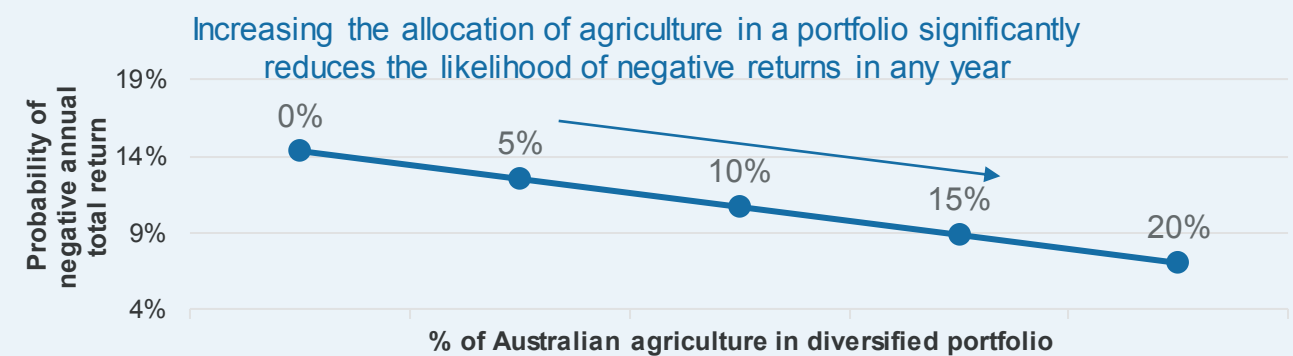
Australian agriculture has negative or negligible correlation to all other asset classes

### Inclusion in diversified portfolio reduces risk whilst maintaining returns



Source: Atchison Consultants - Inclusion of Australian Agriculture in a Portfolio – July 2021

### ...and likelihood of negative annual returns are diminished





# Find out more

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If you would like to request your allocation, receive the Information Memorandum or have any questions, please contact

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