



# Accessing Australian farmland with the country's most experienced agricultural investment manager

Adrian Goonan - Head of Cropping and Diversified Agriculture

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# Warakirri Agriculture

One of Australia's largest and most experienced Agricultural investment managers

- ✓ 25+ years acquiring, developing and operating Australian agricultural assets
  - Proven long term performance track record
- ✓ A\$2.2 billion in assets under management
- ✓ Managing agricultural portfolios for:
  - Australian, Canadian & European pension funds
  - Financial Advisory, High Net Worth and Private Family Offices
- ✓ Strong belief that commitment to ESG produces higher and more sustainable long-term returns
  - UNPRI signatory
  - Warakirri - Certified carbon neutral
  - Climate Change and Sustainability Strategies aligned to TCFD and UN-SDG

Signatory of:





# Warakirri Agriculture

An in-depth understanding of the investment principles which are critical for the success of agricultural investments

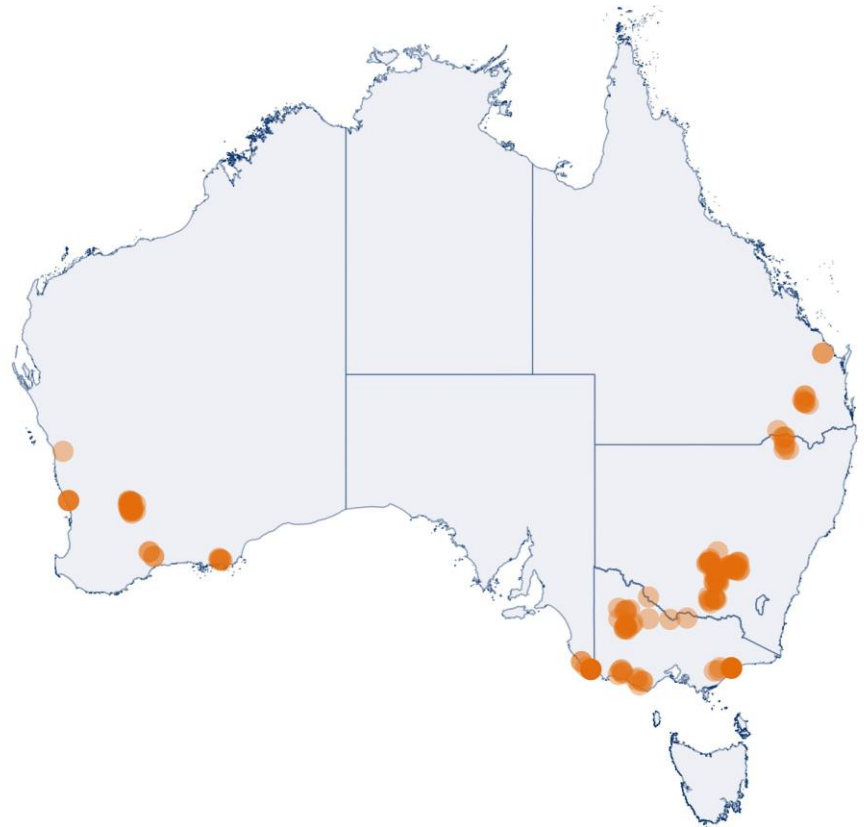


# Warakirri Agriculture

One of Australia's largest and most experienced Agricultural investment managers

## Investment Snapshot

- Diverse National Portfolio
- Assets in 5 States
  - QLD, NSW, VIC, SA & WA
- Row Crop, Dairy, Open Land Horticulture, Permanent Crops, Ag Infrastructure
- 220,000 Ha | 540,000 acres
- 54 Aggregations & 250+ Employees
- Active (Own-Operate) & Passive (Buy-Lease)
- Diversified by geography, sector, markets, commodity, operator, climate & water sources
- >150 Individual Transactions



# Australian Agriculture – Snapshot

## Australia's fastest growing sector:

- +7% real growth over the past 20 years
- 2<sup>nd</sup> only to mining in terms of importance to the domestic economy

- 3% of GDP at ~A\$67b – strong growth target of A\$100b by 2030
- 70% of agricultural products are exported (A\$47b)
- 11% of Australia's good and services exported in 2019-20
- 460 million hectares of farmland (55% of Australian land mass)
- >1.6 million Australian jobs
- 86,000 Australian farm businesses



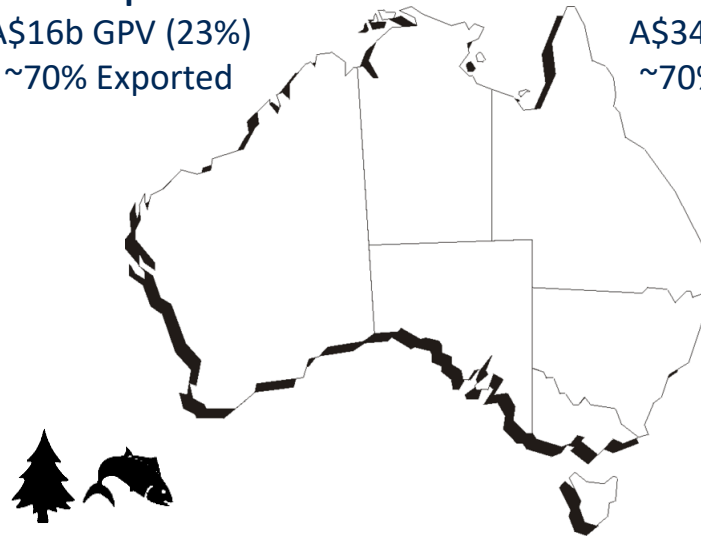
### Crops

A\$16b GPV (23%)  
~70% Exported



### Livestock

A\$34b GPV (51%)  
~70% Exported



### Forestry / Aquaculture

A\$5b GVP (8%)  
~60% Export



### Horticulture

A\$12b GPV (18%)  
~30% Exported

# Australian Agriculture – Investment Landscape

## Agriculture Investment Options

- Farmland ownership - active or passive
- Water
- Timberland
- Aquaculture
- Supply chain infrastructure
- Agricultural secondary credit
- Private equity – agriculture related
- Listed stocks – typically service companies

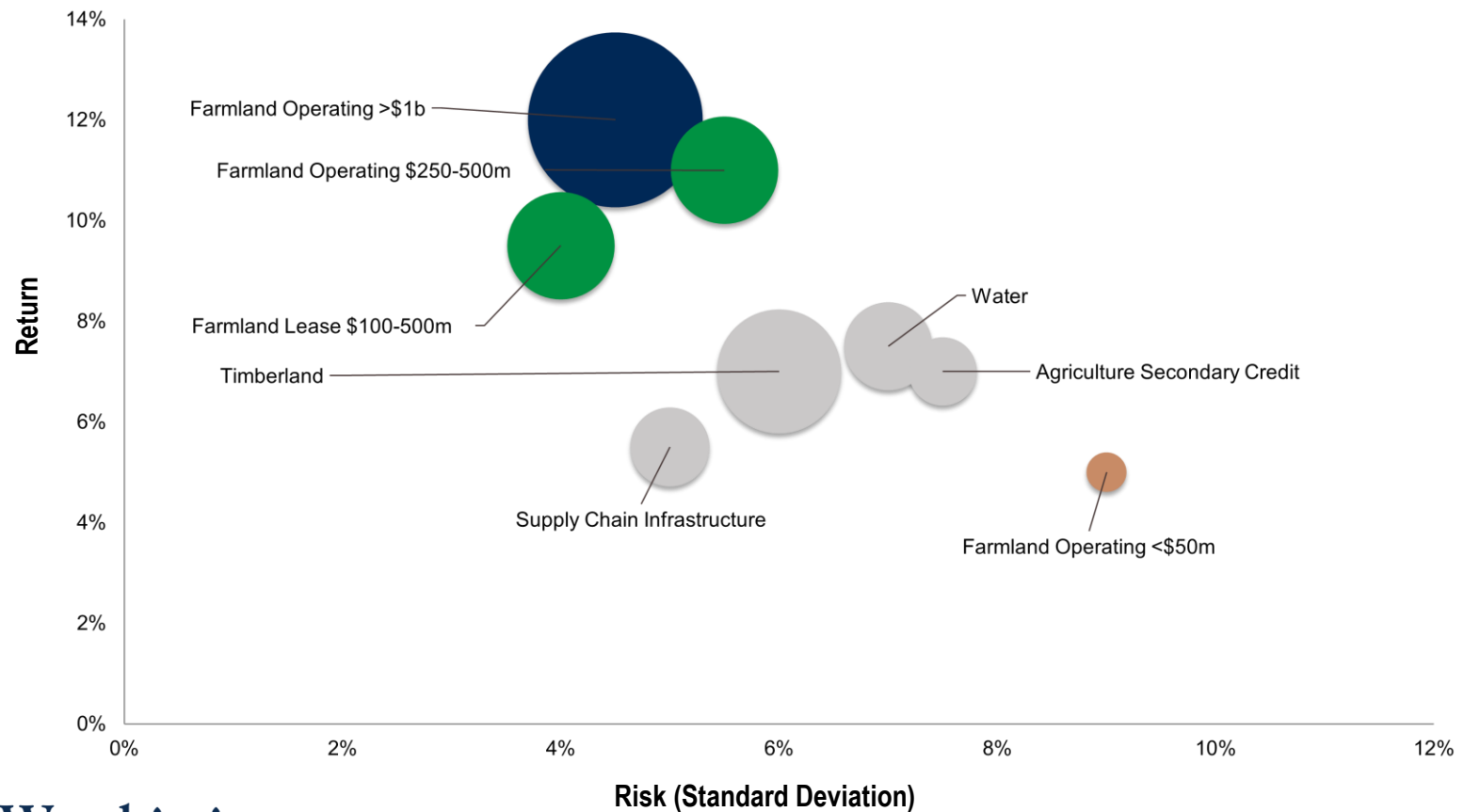
## Agriculture Investment Value

- Investment universe ~A\$700b
- Farmland and water ~A\$480b
- Farmland transactions past 12 months total 8.2m hectares and A\$10b (~2%)
- 260,000 transactions and A\$170b over 25 years (~2% p.a.)



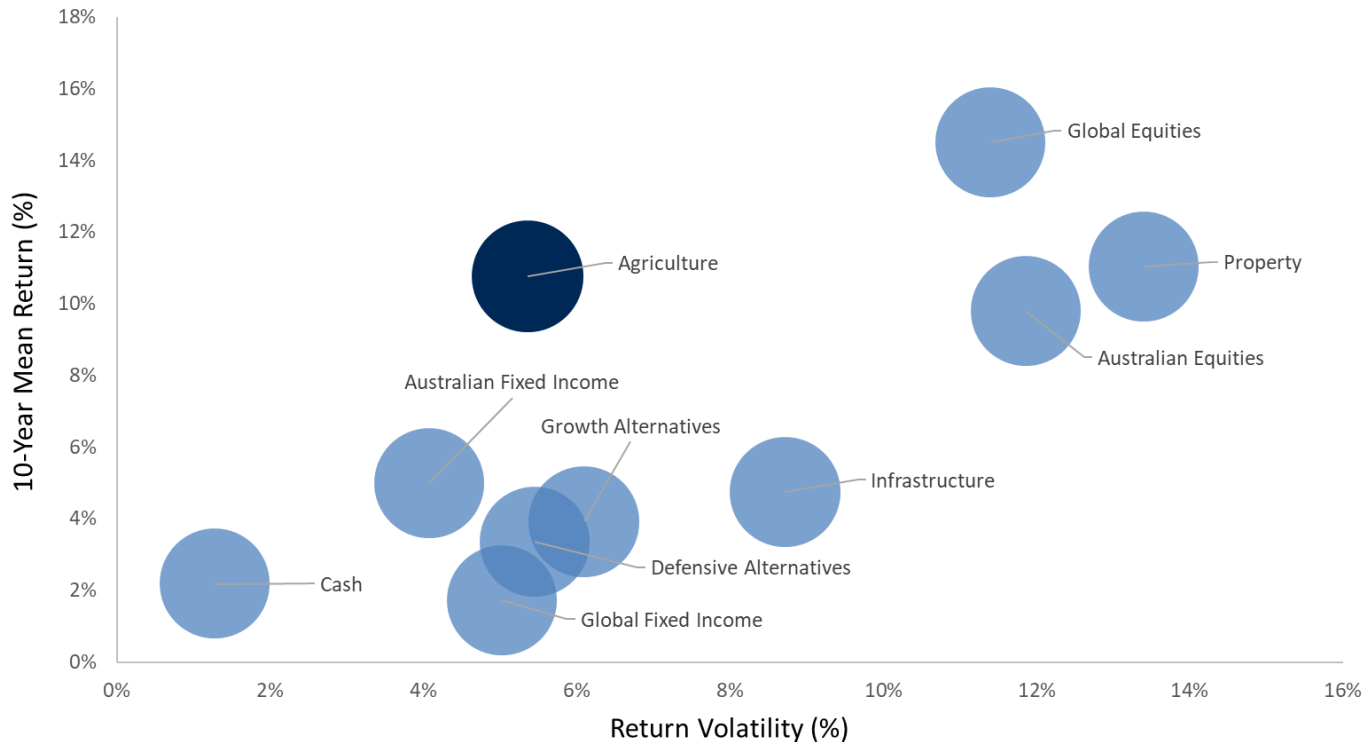
# Australian Agriculture – Risk & Return

- ✓ Scale and diversification (geographic & commodity) increase returns, lowers volatility and risks
- ✓ Investment opportunities are diverse - investment objective and scale is important before selection



# Australian Agriculture – Risk & Return

- ✓ Sophisticated and well scaled agricultural investments produce competitive, uncorrelated returns, with bond like volatility (half that of equities and property)
- ✓ A 5% allocation to farmland increases a balanced portfolio return by +10bps and improves the Sharpe ratio by 7.4% and Standard Deviation by 5.6% (10 years to June 2021)







# Warakirri Farmland Fund

## A New Investment Opportunity

# Warakirri Farmland Fund

## Overview

- For institutional investors seeking exposure to investment grade agricultural property with a steady, low volatility income profile
- The Fund will buy, develop and own a diversified portfolio of assets
- Properties are operated by high quality agricultural businesses, as Tenant Partners, under long term leases
- Focused on premium high value sectors with attractive lease terms and best-in-class counterparties
- Utilizes Warakirri's Sustainable Best Practice framework
- Leverages Warakirri's agricultural expertise and specific experience managing a similar, existing property trust for domestic clients (wholesale, high net worth, family office and small super funds)

# Warakirri Farmland Fund

Fund Highlights – Launched April 2021

**11% p.a.**

Total Return Target

**A\$500m**

Target Fund Size

**2**

Foundation Assets

**6.5% p.a.**

Target Income

**A\$100m**

Seed Capital

**A\$400m**

Pipeline Assets

**30%**

Long Term Neutral  
Gearing Position

**A\$34m**

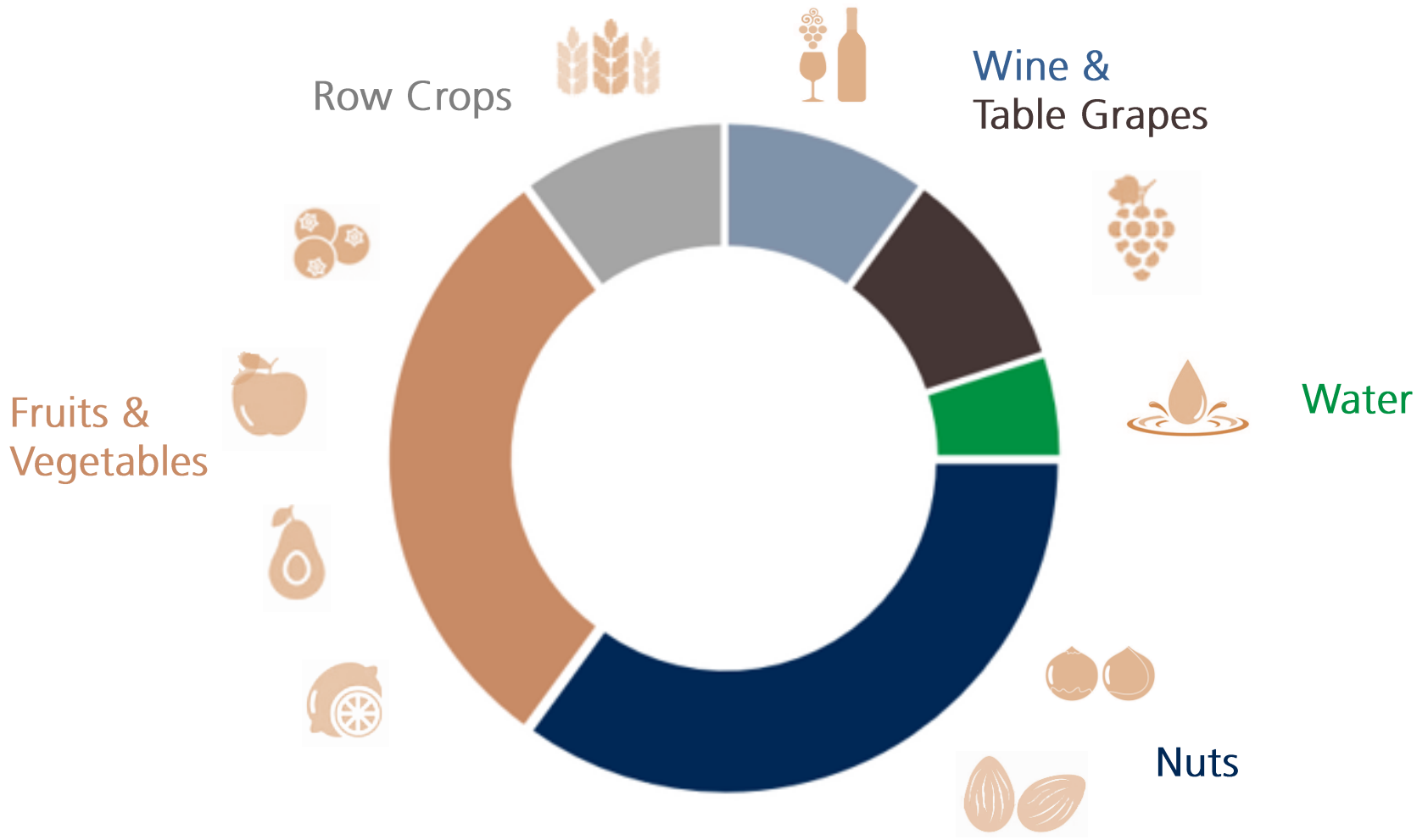
Formation Deal

**10%**

Initial Capital Call

# Warakirri Farmland Fund

## Strategy and Target Assets





# Warakirri Farmland Fund

## Key Opportunity – High Value Crops

- New production systems, genetics, breeding & tech
- Input efficiency and sustainability
- Supply chain innovation and development
- Value add opportunities
- Consolidation and market power
- Capital intensive, driving stronger income yields
- Long term leases with sophisticated Tenant Partners



Good management + patient long term approach +  
appropriate investment structure  
= Strong risk adjusted returns

# Warakirri Farmland Fund

## Investment Approach

- Strategic buy and lease
- High value assets in need of patient capital
- Selective deployment, investment grade assets
- Long term leases with best in class operators
- Disciplined investment partner approach
- Diversification



# Warakirri Farmland Fund

## Best-In-Class Tenant Partnerships

A range of carefully selected, high quality agricultural businesses, who are leaders in their field



# Warakirri Farmland Fund

## Origination & Acquisition

- Select for quality
  - Investment grade
  - Institutional characteristics
  
- Strategic to fund objectives & diversification
  
- Deal format:
  - 3rd party strategic
  - Sitting tenant opportunities
  - Sale & lease back
  
- Origination via strong and active networks:
  - Tenant partners
  - Key corporate agents
  - Advisors
  - Direct to vendor





# Warakirri Farmland Fund

## Current Investment Opportunities (A\$m)

~A\$400m in current pipeline prospect deals

Mangoes \$ 40

Citrus \$ 30

Wine grapes \$ 20

Macadamia \$ 50

Row Crop \$ 40

Citrus \$ 30

Almonds \$ 100

Wine grapes \$ 40

Stone Fruit \$ 35

# Warakirri Farmland Fund

## Key Terms

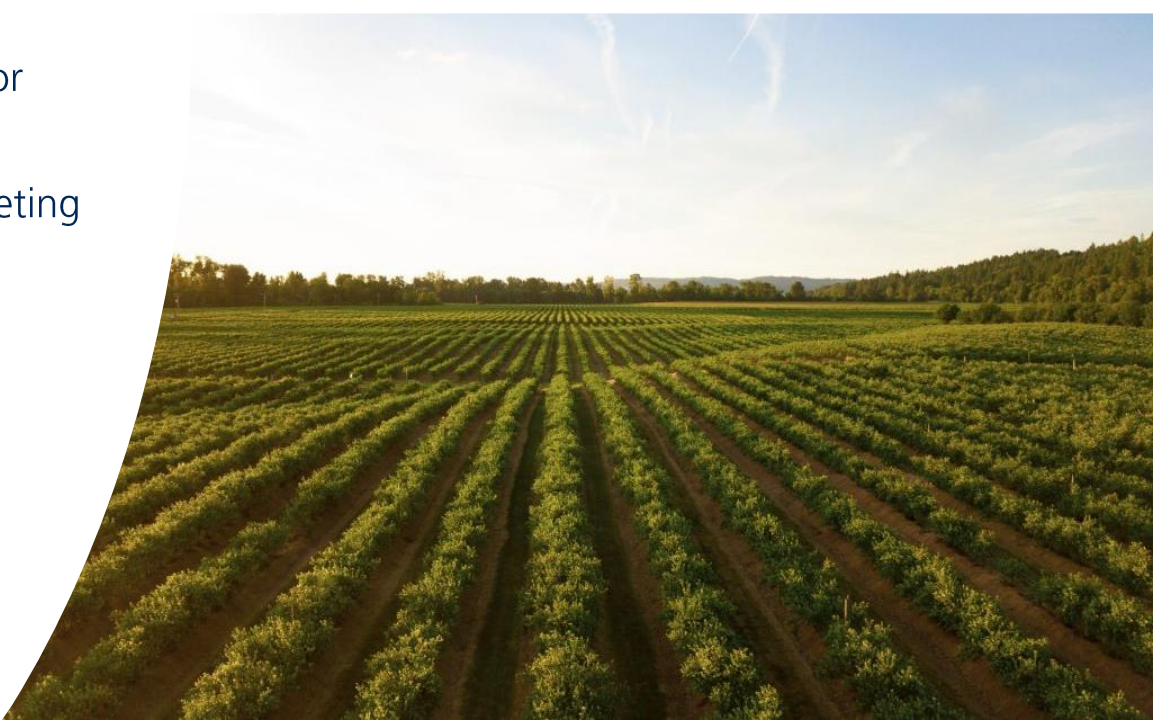
Target Fund Size	A\$500m
Fund Term	Open ended
Fund Structure	Pooled investment; established offshore feeder fund
Distributions	Quarterly
Leverage	30% (steady state)
Management Fee	Base management fee: <ul style="list-style-type: none"><li>▪ 0.95% p.a. for A\$20m to A\$200m</li><li>▪ 0.85% p.a. for A\$200 to A\$500m</li><li>▪ 0.75% p.a. for &gt;A\$500m</li></ul> No management fee charged on uncalled capital.
Performance Fee	15% performance fee of any outperformance Highwater mark return of 8% p.a.



# Summary

Warakirri – Australia's most experienced agricultural investment manager

- Australian agriculture – positive and exciting outlook
- Warakirri – proven performance track record
- Established ESG policy and sustainability framework
- Warakirri Farmland Fund – open for commitments
- A\$100m capital committed – targeting A\$500m
- 2 Foundation assets
- Strong pipeline – assets/partners



# A Long Term Commitment to Sustainable Agricultural Management



Morgan Stanley  
WEALTH MANAGEMENT

“Rest consider that investment managers that identify and effectively manage material ESG risks and opportunities enhance long-term financial performance.

Warakirri has been managing a broadacre cropping mandate on behalf of Rest members going back over 20 years.

It’s very important for our member’s retirement outcomes that Warakirri has demonstrated a commitment to, and integration of, ESG issues across our agriculture investment portfolio.”

“With the continual growth of our population across the globe – coupled with concerns about the impact on our agricultural land from over-farming and climate change – investing in sustainable food production is critical.

Sustainability in agriculture can play several roles in a portfolio as an investment theme for our clients and Warakirri delivers us a sustainable and resilient solution.”



# Questions

## or continue the conversation

[contact@warakirri.com.au](mailto:contact@warakirri.com.au)

[warakirri.com.au/agriculture](http://warakirri.com.au/agriculture)



# Speaker Biographies



Adrian Goonan is Head of Cropping & Diversified Agriculture and has been with Warakirri for 13 years across a range of roles. Adrian is an Agribusiness Executive with a strong safety, environmental and investment return track record. He provides the business with valuable experience in building and running geographically diverse national portfolios of agricultural assets, organisational strategy and a comprehensive understanding of the agribusiness sector. Adrian has had a lifelong association and passion for Australian Agriculture, being raised on a family farm in north-east Victoria. Adrian holds a Bachelor of Applied Science Project Management and is a Graduate of the Australian Institute of Company Directors.



Steve is one of Australia's leading Agricultural Investment professionals with a decade of high-quality experience as Portfolio Manager with Westchester, the agriculture investment arm of the US based TIAA-Nuveen Group, the world's largest farmland investment manager. Steve is an experienced Portfolio Manager, highly skilled in investment strategy and asset allocation, deal origination and negotiations, valuation and analysis, portfolio management, governance, risk management and ESG programs. Steve holds a Bachelor of Agriculture and Graduate Certificate in Applied Finance and Investment and maintains an active personal interest in agriculture via his family farm in New South Wales.



Conor joined Warakirri in 2012 and has over 20 years experience in the financial services industry. He is responsible for client management and business development across Warakirri's institutional client base, both domestically and overseas. In addition, Conor is chair of the Warakirri Investment Committee where he is actively involved in client portfolio asset allocation decisions as well as investment manager due diligence. Conor also has a long-standing involvement with Warakirri's not-for-profit client base. Prior to joining Warakirri, Conor spent close to 10 years working for Bank of Ireland Asset Management across a variety of roles in both Melbourne and Dublin. Conor holds a Master of Science in Investment & Treasury and a Bachelor of Business Studies (Finance, Honours), both from Dublin City University and is a Graduate Member of the Australian Institute of Company Directors.

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