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The Manager  
Companies Announcements Office  
Australian Securities Exchange

## **Property Management Agreement with AAGIM Investment Management Pty Ltd**

Following a public tender process Kiland Limited (“Kiland”) has selected AAGIM Investment Management Pty Ltd (“AAGIM”) as Property Manager for its Kangaroo Island agricultural estate.

Kiland’s wholly owned subsidiary Kangaroo Island Land Assets Limited, which holds or will hold all of Kiland’s agricultural properties, has entered into the Property Management Agreement with AAGIM.

Upon appointment AAGIM will develop a Master Plan for Kangaroo Island Land Assets Limited to be approved by Kiland. The Master Plan will include a multi-year operational plan and detailed funding requirements.

### **Kiland Executive Chairman James Davies said:**

*“AAGIM are the right partner for this project. We look forward to working with Marcus and his team in developing a top tier institutional grade agricultural estate. The terms of the Property Management Agreement incentivise AAGIM and ensure alignment of interest with Kiland shareholders.”*

### **AAGIM CEO Marcus Elgin said:**

*“We are pleased to be appointed Property Manager and look forward to leveraging our extensive transformational agriculture experience to develop Kangaroo Island Land Assets Limited’s portfolio of high rainfall, high production assets into an institutional grade estate.”*

### **About AAGIM Investment Management Pty Ltd**

Founded in 1997, AAGIM is a leading private account and direct investment manager focused on the Australian farmland sector. AAGIM has managed assets in sheep for meat and wool, dairy, beef row crops and permanent plantings since 2005 for family offices, institutions and sovereign funds.

Over the past 11 years AAGIM have managed over 100,000 hectares of forestry-to-agriculture farmland improvement including harvest, land improvement, farm design and management of ongoing agricultural operations.

Authorised for release by the Board.

**Kiland Limited**  
Unit 3B, Level 3, 60 Hindmarsh Square ADELAIDE SA 5000  
T (08) 8227 2482 | F (08) 8312 2020 | [www.kiland.com.au](http://www.kiland.com.au)  
ACN 091 247 166

**Property Management Agreement key terms**

<b>Parties</b>	<p>Kangaroo Island Land Assets Limited ACN 079 125 303 ("KILA") a wholly owned subsidiary of Kiland Limited</p> <p>AAGIM Investment Management Pty Ltd ACN: 096 580 639 ("AAGIM")</p>
<b>Services</b>	<p>During the Mobilisation Phase (initial 3 months) AAGIM to:</p> <ul style="list-style-type: none"><li>• prepare Master Plan</li><li>• cooperate with KILA to determine the opening cash position and obtain a debt facility if applicable</li><li>• prepare budget, sites, begin staffing, procure machinery and supplies and prepare for initial reversion activities</li></ul> <p>During the Operations phase AAGIM to provide:</p> <ul style="list-style-type: none"><li>• Risk, Environmental and Stakeholder management</li><li>• Estate Management including land access and licencing, procurement, planning and accounting</li><li>• Tree and stump removal, Biomass disposal</li><li>• Site preparation, Fencing and water infrastructure build out</li><li>• Planning and executing all agricultural activities required to manage KILA's estate</li></ul>
<b>Term</b>	Initial Term of 6 years with option to renew for a further 3 years by agreement
<b>Termination</b>	<p>If the estate is or is proposed to be sold, KILA may terminate the document by given written notice to AAGIM</p> <p>Standard termination for insolvency, force majeure, failure to pay and breach of contract. Termination for convenience allowed by either party with 6 months prior written notice</p> <p>Fees applicable on Termination:</p> <ul style="list-style-type: none"><li>• \$250,000 fee for Terminations during the Mobilisation Phase</li><li>• \$750,000 during the first 9 months of the Operations Phase</li><li>• Thereafter any amount owing to AAGIM under the terms of the Property Management Agreement (including any Performance Fee)</li></ul>
<b>Base fees</b>	<p>Administration Fee: \$450,000 per annum (plus GST)</p> <p>Activity Fee: \$15.00 per arable hectare per annum (plus GST) for hectares that remain under management by AAGIM Investment Management Pty Ltd</p>
<b>Performance Fee</b>	<p>AAGIM will be entitled to be paid a Performance Fee on realised, pre-tax equity returns of KILA. The Performance Fee will be calculated as follows:</p> <p>for the period commencing on the Commencement Date to the end of the third Operation Year or earlier sale of the Land:</p> <ul style="list-style-type: none"><li>• 10% (plus GST) of the pre-tax capital returned to Kiland Limited, assuming that the audited equity value of KILA is greater than the opening equity value upon commencement plus any additional equity that has been contributed by KILA during this period</li></ul>

	<ul style="list-style-type: none"> <li>• Performance Fee accrued and not paid until the earlier of the Termination Date or the end of the sixth Operation Year (based on the audited equity value of KILA)</li> <li>• There is no clawback mechanism for the Performance Fee accrued during the period to the end of the third Operation Year or earlier sale of the Land</li> </ul> <p>for the period commencing on the fourth Operation Year until either the Termination Date or earlier sale of the Land:</p> <ul style="list-style-type: none"> <li>• 10% (plus GST) of the pre-tax audited equity value above the Hurdle Rate</li> <li>• Hurdle rate is adjusted for additional equity contributed by Kiland Limited or any third party</li> <li>• The Hurdle Rate is 7% per annum compound from the Commencement Date. The Hurdle Rate will be calculated on an annual basis or pro-rata in the event a Performance Fee is payable part way through a year.</li> <li>• Performance Fee accrued and not paid until the Termination Date or the earlier sale of the Land (based on the audited equity value of KILA)</li> </ul> <p>AAGIM agrees and acknowledges that KILA will determine in its absolute discretion:</p> <ul style="list-style-type: none"> <li>• the initial equity investment in KILA (and therefore the opening equity value of KILA), which will be based on the land values as at 30 June 2021 and an opening cash position to be based on the Master Plan. This initial equity investment will be notified to AAGIM during the Mobilisation Phase</li> <li>• the timing and amount of subsequent equity contributions;</li> <li>• the timing and amount of distributions from KILA; and the auditor appointed to prepare financial statements of KILA and to calculate equity value for the purpose of determining the Performance Fee</li> </ul>
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