

Aljazira Agriculture Income Fund

Enabling Agri Sector

الجزيرة كابيتال

ALJAZIRA CAPITAL الجزيرة للأسواق المالية



Q1 2023

About

Value Proposition: Unique access to an income-generating strategy providing an attractive yield with a risk/return profile uncorrelated to traditional asset classes.

Strategy: Financing livestock, crops, water and farm-development, inventory, farmland to farmers and producers primarily in Australia.



Liquidity Advantage: Underlying transactions with average maturity less than twelve months, offering quarterly subscription / redemption for investors.

Funding Strategy

- **Seasonal Finance:** Finance for the acquisition of livestock, stockfeed and crop input purchases, which then grow in value. Loan term is less than 12 months.
- **Term Finance:** Finance for the purchase of farmland, farm improvement and permanent water entitlements. Loan term is less than 12 months.

Sectors



Cattle



Wool



Farmland Purchase and Refinancing



Cotton



Grains



Farms Improvements



Oilseeds



Storage



Permanent Crops



Water Purchases



Cropping Inputs



SME and Family Enterprises

Asset Class

Agricultural Financing

Target Returns

7% - 8% Annually

Shariah Compliant

Yes

Liquidity

Quarterly

Fund Type

Open-Ended

Originator

Thera Capital Management

Currency

USD

Distribution

Quarterly

Key Highlights





Large and growing addressable lending market opportunity of \$100bn annually between seasonal and term finance combined with falling bank participation and service in the sector.



Agriculture investments **are uncorrelated to other traditional asset classes**, but have a **positive correlation** to interest rates movements.



Income generating strategy with attractive Cash-on-Cash in an open-ended structure that offers **quarterly liquidity**.



Short loan tenure with each loan tenure less than **twelve months**.



Robust financing strategy with all structures being **asset backed** and with a high-quality security package supporting the credit - **resulting in zero losses to date**.



Australia provides a well developed and robust legal and regulatory system where security enforceability is highly reliable.



Highly-experienced management team with hands on expertise in agribusiness, structured credit, banking and asset management.

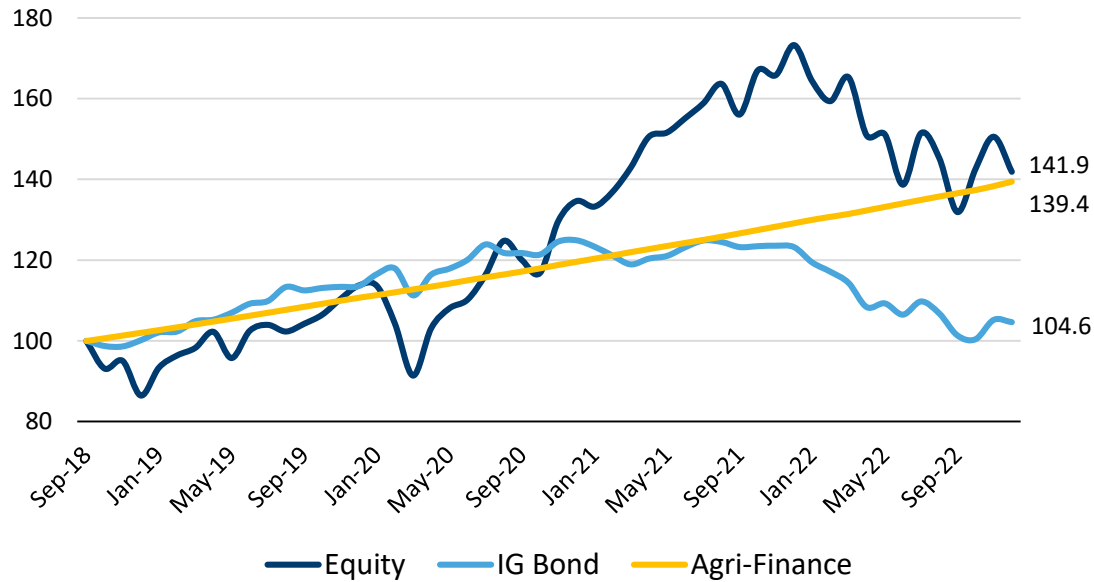


Agriculture Industry Overview



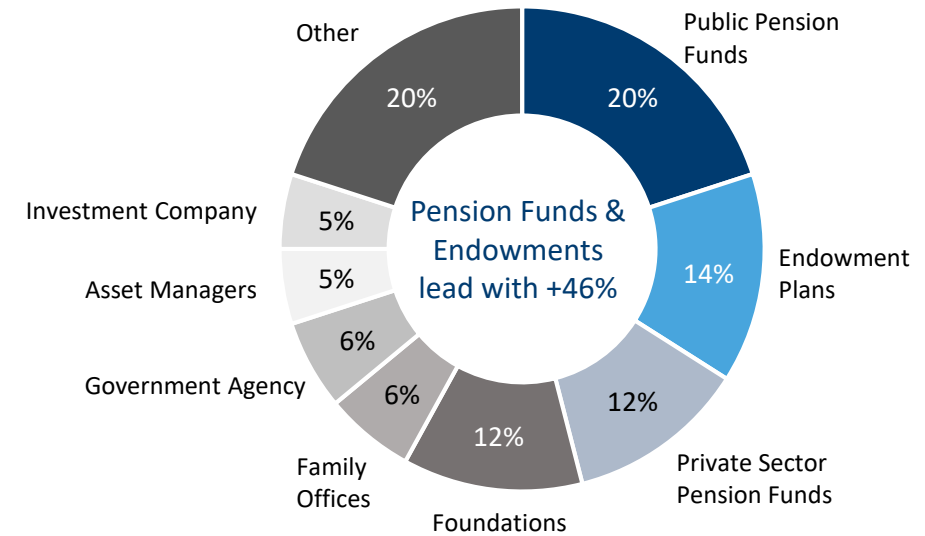
Agriculture Investment has been gaining popularity among institutional investors, to diversify their holdings through exposure to real economy assets. Pension funds, endowments and foundations account for over 58% of the Agriculture/Farmland investments.

A resilient asset class



Note: Equity: S&P500 TR, IG Bond: S&P 500 IG Corporate Bond TR, Agri-Finance: Thera's Track record
Sources: Bloomberg, Thera

... with high institutional investor base



Agriculture/Farmland capital allocation by institutional investors
Source: Perqin natural resources report

Australian agriculture market growth and opportunity

Large producing country:

- Total farms production is about AUD 60B (USD 41B).
- Agriculture accounts for 55% of Australian land use.
- Providing over 350,000 jobs or 4% of the national workforce.



Large agriculture exports share:

- 72% of Australia's agricultural production is exported.
- Agriculture exports represents 21% of country's exports, which translates to 3% contribution to GDP.
- China is the largest export market for Australia with AUD 16B (USD 11B) in 2020 (*grew by 5x since 2000*).

Limited access to financing:

- 85% of broadacre farms and 95% of dairy farms are family owned and managed.
- Major banks provide only property backed financing limiting usage of other current-assets in the collateral pool of farmers.

Private agricultural financing: A solution to a growing issue

- Private agriculture finance manifested as a mechanism to bridge the financial gap for agriculture SMEs and family-owned farmers.
- World's population projected to reach 9.9 Billion by 2050.
- Estimated demand for food will rise by about 70% over the next 30 years and roughly USD 80B of investments is required annually.

A substantial market with strong fundamentals

- 150,000 farming entities nationally.
- AUD 85 billion Term-debt market (major banks NAB, ANZ, CBA, and Westpac have 85% market share).
- AUD 80 billion Annual agricultural and livestock production.
- AUD 15 billion Addressable seasonal-finance market.

Investment Strategy & Process



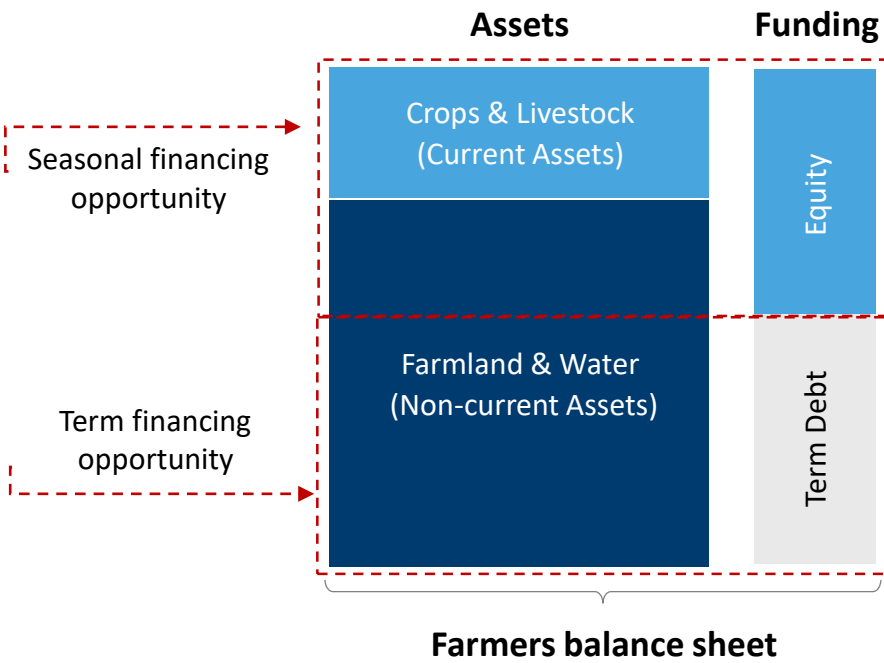
Market Opportunity

- Agriculture industry has a goal to increase annual farm-gate production output to AUD100 billion by 2030.
- Limited Seasonal finance provided by rural retailers and selective non-bank financiers, with small pool of private credit funds providing Term finance to agriculture as a part of a wider real-estate finance business.
- Commercial banks do not recognize current assets (livestock, crop, etc.) as a collateral.

Australian Agriculture Output Breakdown



The Fund’s Opportunity and Focus



Seasonal Finance:

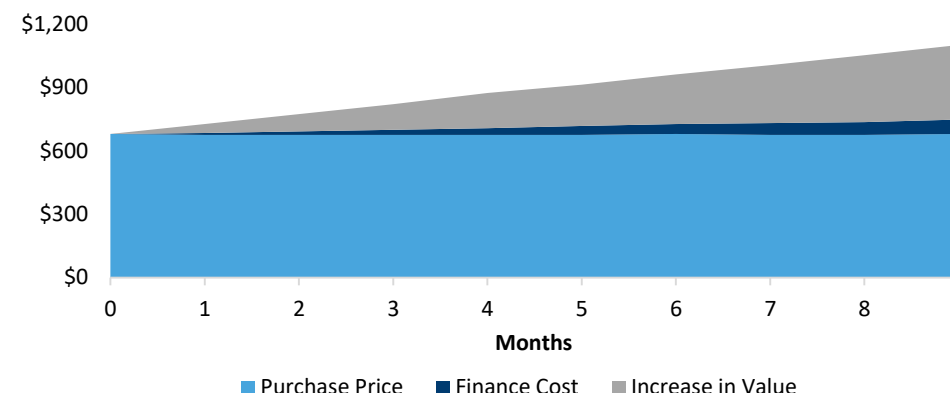
- Finance facilities for the acquisition of livestock, stockfeed and crop input purchases (up to 100% of value), which then grow in value.
- Livestock (and crops) naturally accrete in value as it progresses through growing to its target sale weight, this differentiates this collateral from other form of asset financing which naturally depreciate in value, such as car loans or business equipment.
- Financed asset must be insured with a level of coverage acceptable by the originator, with a security package including guarantees and recourse to property in case of default.
- Facility sizes range from \$150,000 up to \$5m.
- Loan tenure less than 12 months.

Term Finance:

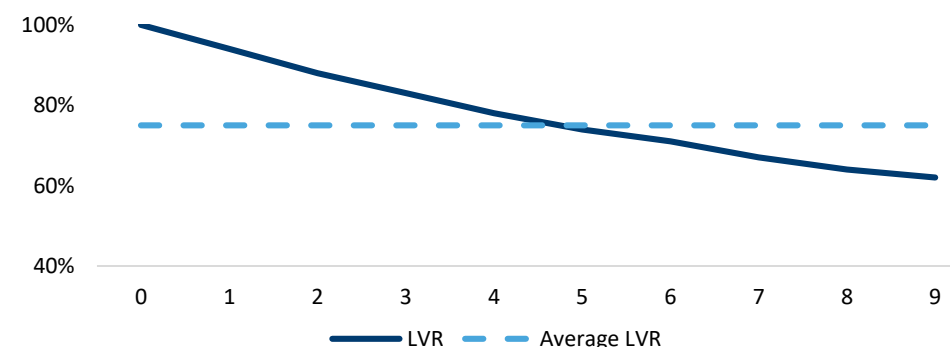
- Finance for purchase of farmland (including refinance) and permanent water entitlements (up to 75%).
- Finance for new farm developments and improvement investment (up to 100%).
- Flexible repayment options (amortising, interest only, capitalized interest).
- Financed asset must be insured with a level of coverage acceptable by the originator, with a security package including guarantees and recourse to property in case of default.
- Facility sizes range from \$500k up to \$10m.
- Loan tenure less than 12 months.

Deleveraging in seasonal finance assets

Finishing Stock Value Over Time

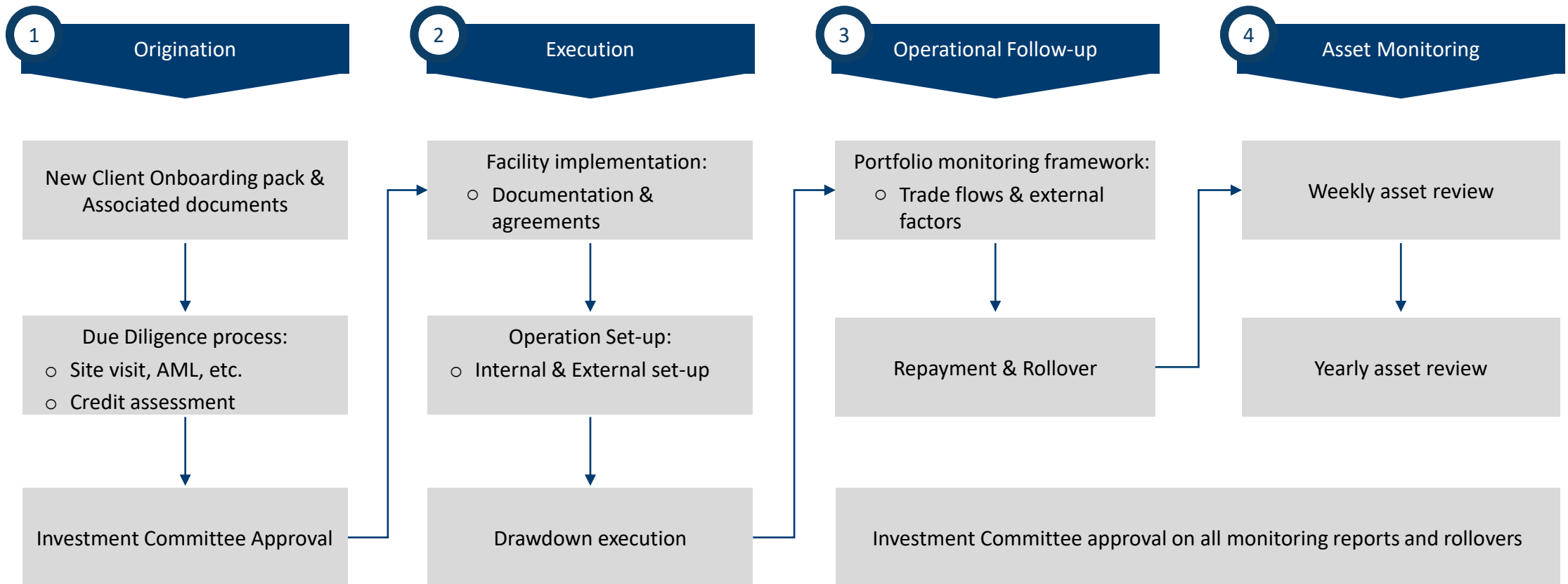


Loan to Value Over Time (Months)



Source: Thera

- Robust investment process that integrates risk management into every step, with all investments requiring the approval of the Investment Committee. Thorough credit guidelines limit financing only to farmers with at least three years of continuous operation in the sector.
- A General security Agreement (GSA) is registered to record the security over all of the collateral assets through the government PPSR platform. Robust asset monitoring mechanism through site visits, satellite NDVI technology (for crops), periodic third party reports etc.



Fund Dashboard



Key Facts

Net Asset Value (USD)	17,462,738
NAV per unit (USD)	100.33
Number of investments	14

Returns Summary

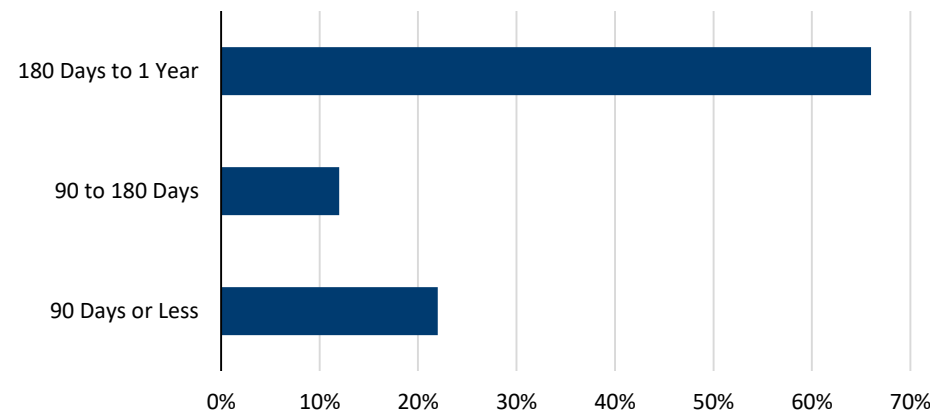
Net Total Return

	Q1	Q2	Q3	Q4	FY
2022	-	-	0.39%*	1.89%	2.29%
2023	-	-	-	-	-
Annualized SI					7.03%

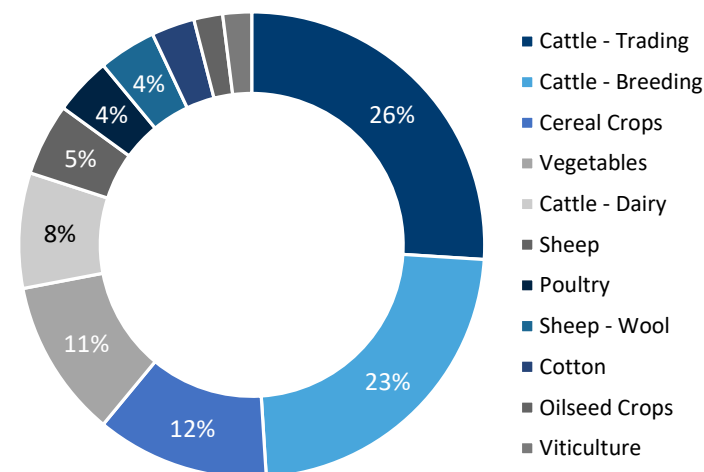
Distribution

	Last Quarter	Last 12 Months	S.I. Annualized**
Distribution Yield	1.89%	1.89%	7.55%

Financing Tenure



Collateral Mix



Thera Capital Management





THERA
CAPITAL MANAGEMENT

- Thera Capital Management is an Australian non-bank lender specializing in the financing of livestock, crops, and farmland.
- Established in March 2017, Thera is the only player in Australia offering a full suite of financing solutions in the agri-business with the ambition to be the one-stop-shop of choice.

Track Record

7.9%

Stable Return

Average return 2018-22

0%

Loss in Principal

Since Inception

Thera Capital Management – Management Bios

Mark Allen – Chief Executive Officer



- 26 years experience in International agribusiness and agri-commodities. Extensive experience with commodity trade finance, trading, risk management and reporting, and supply chain management.
- Irrigation Engineering Diploma from the Murrumbidgee Institute of Agri, Australia.
- MBA from the University of New England; PG Diploma from INSEAD, France.

Razvan Mondoca – Chief Investment Officer



- 15 years of experience in international trade finance and structured commodity finance. Extensive experience in conventional and Islamic structured commodity finance, risk and portfolio analyses, special situations and restructuring.
- BS in Economics and a Masters in Strategic Marketing from the Academy of Economic Studies, Bucharest.

Duncan Clarke – Chief Financial Officer



- Has been involved in performing key leadership roles in banking, finance and international payments for 30+ years.
- Previously worked with firms including AFEX as APAC Finance Director, Commonwealth Bank, Credit Suisse and PwC.
- He holds a degree in Economics and Accounting and is a qualified Chartered Accountant.

Mr. Daniel Ward – General Counsel



- Joined Thera Capital Management in June 2021 as General Counsel.
- Has ~10 years of experience having worked with firms including HSBC, Norton Rose Fullbright and Collin Biggers & Paisley.
- He holds a degree in Politics and Law from University of Wollongong.



ESG Considerations



- Thera developed Environmental, Social and Governance (ESG) guidelines which incorporated the principles of sustainability within every aspect of the investment process, aims to result in value creation for all stakeholders.
- Implementation of an ESG Policy is believed to lead to a more balanced risk-return profile for the investments and a long-term path of growth.
- To pursue responsible investing strategy ambitions, Thera's Board of Directors have approved and implemented, selected guidelines per policy below:

Environmental Policy:

- Adopt and promote the use of renewable energy and energy efficiency plans.
- Minimize emissions of gases responsible for the greenhouse effect.
- Reduce the production of waste and improve recycling practices.
- Emission of polluting gases contributing to the greenhouse effect.

Social Policy:




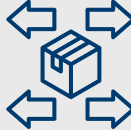








- Promote the respect of internationally recognized human rights.
- Promote the elimination of discrimination in respect of employment and occupation.
- Monitor the health and safety risks related to work activities with the aim to eliminate or minimize those risks.
- Promote the support of its employees to charities and similar organizations and institutions.

Governance Policy:

- Respect applicable laws and comply with best international standards.
- Adhere to the proper standards of transparency and accountability in order to reach the highest standards of business ethics.
- Prevent the use of any information, relationship or business derived from our activity for personal financial gain by any employee.

Fund Terms Summary



Asset Class		Private equity fund that invests in agriculture financing	Risk level		Medium
Fund Type		Private open-ended	Distribution		Quarterly
Manager / Originator		Aljazira Capital Thera Capital Management	Subscription & Redemption		Quarterly*
Currency		USD	Fees**		Subscription fee: Up to 2% of subscription Management fee: 1% of net assets
Expected net return		7% - 8% annually	Custodian		The Northern Trust Company
Shariah Compliant		Yes	Auditor		PKF Al-Bassam & Co.

Note: (*) Including Gate Provision, Fund Manager will accept cumulative Net Redemptions up to (15%), or any other percentage as the Fund Manager deems appropriate to serve the interests of the Fund, of the Fund's Net Assets Value each Quarter (**) For more information about the fund fees, please refer to the Terms & Conditions.

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The potential Investor should carefully read the Fund's terms and conditions during the offering period of the Fund and other documents related to the Fund. Before acting on any advice or recommendation include in this document, the potential investor should consider whether it is suitable for his/her particular circumstances and, if necessary, seek professional advice.

Investing in the Fund involves medium risks, and is only suitable for investors who fully understand the risks of this investment and have the ability to bear them. The assets of the Fund will be subject to the risks and the investor should be aware that the value of the investment units can decrease at any time, and no guarantee can be given to the investors that they will get the principal amount invested in the Fund in whole or in part, nor about any future returns that are expected to arise.

No assurance can be given that the Fund's investment strategy will be successfully implemented or that the investment objectives will be achieved. It may also be difficult for the investor to sell or realize the unit, obtain reliable information about the unit price or the extent of the risks to which they are exposed. Please refer to the Fund's terms and conditions (which will be available to investors during the offering period), risk section in the terms and conditions, for more details.

The Fund's currency is USD and changes in currency rates may have an adverse effect on the value, price or income of the unit.

The Fund Manager has not authorized any broker or any other person to issue any announcement or provide any information or make any statements related to offering or selling units other than what is contained in the terms and conditions of the Fund, and in the event that such announcements are issued or such information or data is provided, It should not be relied upon on the grounds that it is authorized by AlJazira Capital in its capacity as the Fund Manager.

Al Jazira Capital Company (Al Jazira Capital or the Fund Manager) operates under the supervision and license of the Saudi Capital Market Authority No. 07076-37.

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