



Warakirri Diversified Agriculture Fund Sustainability Report 2024



Introducing the Diversified Agriculture Fund



We are pleased to present our first Warakirri Diversified Agriculture Fund Sustainability Report. This report is a supplement to our inaugural Warakirri Asset Management Sustainability Report.

Together, these two documents provide an overview of our approach to sustainability at the corporate level and individual fund level, including our performance over the past year.

Warakirri Asset Management (Warakirri) has been investing client funds in agriculture for close to 30 years. Over this time, we have seen food security, biodiversity loss and climate change become a growing global concern. Given the interrelated nature of these issues, sustainable farming practices have become more important than ever before. The agriculture sector has a fundamental role to play in meeting the growing demand for nutritious, affordable and safe to eat food – produced in harmony with the natural environment, and with safe and decent working conditions for people.

At Warakirri, sustainable agricultural practices have always been considered fundamental in our role to maximise long-term value and generate competitive returns. Over the past year, we are particularly proud of becoming one of the first Australian agriculture asset managers to achieve certification to the Leading Harvest Australia Farmland Management Standard. Certification to the standard provides external assurance to our clients over our sustainable business practices and drives continual improvement across our portfolios.

We are also proud of our Tenant Partners, who demonstrate a strong commitment to sustainability and are both active collaborators and valued contributors to our objectives. Our report highlights joint initiatives undertaken throughout the year to improve the performance of our assets and the impact of our investments.

We recognise we need to continually improve our sustainability performance and reporting, particularly in the face of increasing regulation and stakeholder expectations. Over the coming twelve months, we will continue to deliver on our commitments in a measured and meaningful way to ensure we grow and protect the wealth of our investors. We look forward to reporting progress again next year.

We appreciate your interest in our Sustainability Report and welcome your feedback.

Steve Jarrott
Portfolio Manager, Warakirri Diversified Agriculture Fund



Acknowledgement of Country
Warakirri acknowledges the Wurundjeri Woi-wurrung and Bunurong Boon Wurrung peoples of the Eastern Kulin as the Traditional Custodians of the lands where our head office is situated. We also acknowledge the Traditional Custodians of the lands where our people work across the country and where our agricultural assets are located. We pay our respect to their Elders – past, present, and emerging – and honour the unbroken spiritual, cultural and political connection they have maintained to these unique places for more than 2000 generations.

Signatory of:



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WARAKIRRI DIVERSIFIED AGRICULTURE FUND KEY PERFORMANCE INDICATORS

ZERO

ESG RELATED ISSUES
OR INCIDENTS*



LEADING HARVEST
CERTIFICATION ACHIEVED

ZERO

NATIVE VEGETATION
CLEARING*

*Considered material, reported by tenants

HIGHLIGHTS

86%

TENANTS HAVE A
SUSTAINABILITY STRATEGY
OR PUBLIC COMMITMENT TO
OPERATE SUSTAINABLY

29%

TENANTS HAVE NET ZERO
TARGETS

FUND OVERVIEW

Warakirri acts as trustee and investment manager of the Warakirri Diversified Agriculture Land Trust and Warakirri Diversified Agriculture Trading Trust (together, Diversified Agriculture Fund). Warakirri's Diversified Agriculture Fund has been established to offer investors unique access to investment grade agricultural properties with an attractive and stable income profile. The Fund acquires, develops and owns a diversified portfolio of investment grade Australian agricultural assets and leases these to high quality agricultural businesses (Tenant Partners).

Warakirri incorporates sustainability considerations into acquiring and developing agricultural assets; and leasing agricultural assets to Tenant Partners. Sustainability considerations are consistent with Warakirri's Sustainability Policy and in line with client expectations. Certification to the Leading Harvest Farmland Management Standard provides external assurance to our clients over our approach to sustainable business practices.

Warakirri's Diversified Agriculture Fund does not invest in tobacco, hemp and cannabis, palm oil, planned or historic deforestation activity of old growth or native forests, or short hold farmland investments held for less than 12 months.

Asset	Tenant/Partner	Sector	Total Area (ha)
1 Southbrook Berries	Costa	Berries	59
1 Southbrook Citrus	Moora Citrus	Citrus	140
2 Mills Lane	Dicky Bill	Vegetables	286
3 Drinan Farms	Dicky Bill	Vegetables	199
4 Graylands Mill	Reid Stockfeeds	Ag Industrial	2
5 Chromy Estate	Endeavour Group	Vit-Wine	161
6 Mondall	Bright Light Group	Nuts	425
7 Smithbrook Estate	Fogarty Wine Group	Vit-Wine	158
8 Amadeus	Fogarty Wine Group	Vit-Wine	97
TOTAL			1,527



Portfolio Schedule of Investments, 30 June 2024

Acquiring and developing agricultural assets

Sustainability considerations are incorporated into the investment process for all new property acquisitions made by Warakirri on behalf of the Fund. Beyond our own agricultural management expertise, Warakirri has a national network of field advisors, consultants and industry bodies who are utilised on a deal-by-deal basis for specific due diligence, research and analysis of properties and related capital projects.

In addition to economic and investment assessments, our due diligence program interrogates factors across a range of topics:

Environmental

Environmental due diligence (EDD) assessments are undertaken by independent specialists to identify potential environmental risks for a given site. The assessments also provide advice regarding actual material environmental risks, liabilities or constraints that may be associated with the acquisition and continued operation of the asset.

Ecological

Ecological assessments are undertaken by independent specialists to inform Warakirri of potential ecological values present on a site, and to identify potential impacts and constraints associated with the purchase and/or continued operation of a property in the context of local, state and federal policies and legislation. The

assessment also provides Warakirri with a register of threatened flora and fauna species that have been recorded or may be present on an asset, together with advice on best practice management for the conservation of sensitive areas.

Workplace Health and Safety

Workplace Health and Safety assessments include infrastructure as well as fixed plant and equipment, with the objective to identify non-compliance and areas of improvement associated with the Workplace Health and Safety (WHS) Act 2020 and Workplace Health and Safety (General) Regulations 2022, as well as other relevant legislation. These assessments also consider Warakirri's own health and safety standards across the broad portfolio of agricultural properties we manage and our long-term commitment to maintaining a safe working environment.

Water and Irrigation

Technical water and irrigation due diligence includes an independent assessment of historical water usage and forecasting, water availability, conservation and allocation modelling, as well as a comprehensive assessment of the irrigation infrastructure and benchmarking to industry best practices. These assessments specifically investigate opportunities for improvement in both water and energy use efficiency across irrigation systems.

Agricultural

Agricultural advice is provided by sector leading consultants specialised to the relevant asset and production system. These assessments include agricultural management, production and yields, input efficiency, pest and disease risk, climate risk, and a range of soil related considerations, including health, nutrition, depth, drainage and suitability for the production system in question.

Climate

Climate change risk is assessed with the assistance of sustainability consultants, together with data from the Bureau of Meteorology (BOM) and CSIRO, Australia's national science agency. This includes climate change modelling; climatic risk assessment; analysis of rainfall, temperature, evaporation, wind and frost.

Our investment process in action

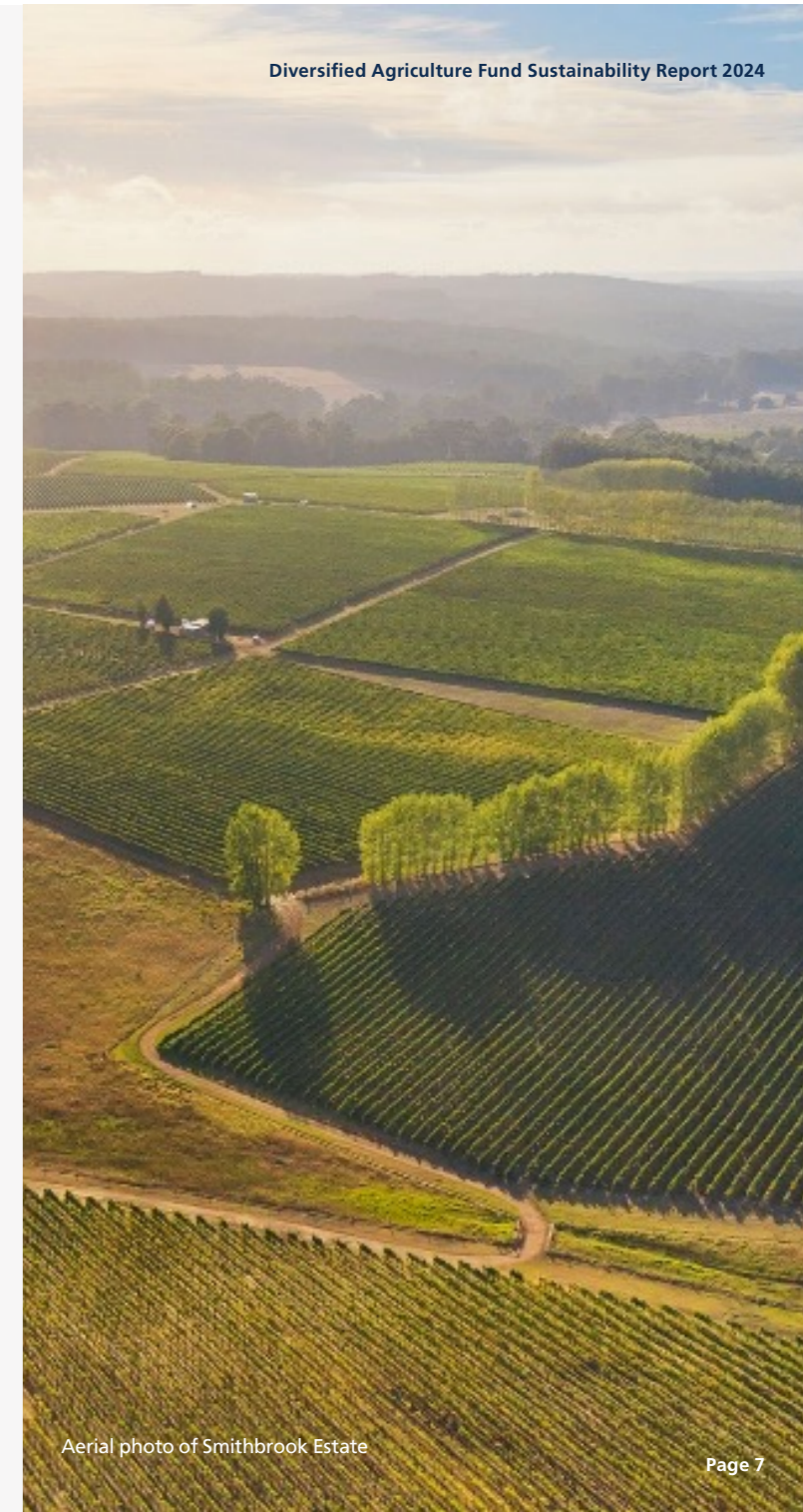
During the reporting year, Warakirri undertook due diligence on two established vineyards in Western Australia as part of a deal with high-quality Tenant Partner, Fogarty Wine Group.

Both vineyard investments build on the Fund's diversification by geography, climate, water source and counterparty, while adding further scale and complementing the Fund's existing premium wine sector exposure.

The subject assets, known as 'Amadeus Vineyard' and 'Smithbrook Estate', are in the highly sought after and productive regions of Margaret River and Pemberton respectively. Supported by reliable climate and water, these vineyards produce premium grapes for several of the Fogarty Wine Group brands.

The overall aim of the due diligence was to assess the underlying agricultural value of these vineyards, investigate their potential to produce sustainably into the future, and to inform Warakirri of any material environmental, safety or other asset risks or constraints associated with the purchase and continued operation of the properties.

The findings of this due diligence confirmed initial internal views on the quality and capabilities of the assets; verified their ongoing potential for high quality sustainable wine grape production; substantiated the use of best management practices across the properties; and, pleasingly, identified no material environmental or health and safety issues at either site. In addition, the biodiversity assessment indicated that maintenance and conservation of native habitats are being managed as required.



Aerial photo of Smithbrook Estate

CAPITAL PROJECTS

Warakirri monitors the performance of existing assets in partnership with tenants and undertakes capital works to improve their performance over time.

Over the past year, Warakirri Diversified Agriculture Fund invested in two strategic capital projects with a focus on water resources. These initiatives aim to conserve and manage water efficiently to improve performance. By upgrading irrigation systems across the portfolio, we have improved water quality, enhanced efficiency, and reduced energy consumption. These efforts not only support the health of aquatic ecosystems but also demonstrate our commitment to long-term environmental stewardship and resource sustainability.



CASE STUDY 1 IRRIGATION SYSTEM UPGRADES SOUTHBROOK, WESTERN AUSTRALIA

In conjunction with Tenant Partner, Moora Citrus, Warakirri invested in several strategic initiatives to enhance water and energy efficiency across the Fund's Southbrook citrus orchard in Western Australia.

Recent upgrades to a best practice 'ring-main' irrigation design have increased water pumping efficiency and reduced demand on individual irrigation bores around the property. This will in turn reduce energy requirements, increase water quality and allow for more sustainable extraction from the ground water aquifer the property relies on for irrigation.

Sustainable irrigation is not just about reducing water use, but a function of applying the correct volume at the optimal time for crop requirements. As part of the upgrade works, the Fund invested in

a new MAIT irrigation control system at Southbrook which has in-field sensors feeding data to a central computer controller. The on-farm management team can now operate the system remotely, monitor performance across the network of pumps and pipelines, and measure soil moisture conditions across the orchard – allowing for precise water and nutrient application in line with specific needs of the plants. Like other modern irrigation controllers employed across the Fund's irrigated assets, the system offers numerous advantages for the sustainable operation and performance of the orchard. Benefits include conserving water and energy resources, enhancing labour efficiency, increasing crop quality and yield potential, reducing nutrient leaching, minimizing crop stress and reducing susceptibility to disease and pests.

CAPITAL PROJECTS (CONT)



CASE STUDY 2 WATER QUALITY & IRRIGATION SYSTEM UPGRADES CHROMY ESTATE, TASMANIA

In conjunction with Tenant Partner, Endeavour Group, Warakirri worked on a multifaceted project to improve water quality and the overall aquatic ecosystem of the property, in a closed loop system from winery to vineyard.

The first stage of the project increased the capacity and effectiveness of the winery wastewater system so the property could continue to effectively treat and repurpose water used in the winemaking process. Upgrading and modernising this system has dramatically improved the quality of water discharged from the winery into the nearby irrigation dam, improving the breakdown of organic waste and reducing sediment entering the dam. This will see water effectively recycled and sustainably applied across the adjacent vineyard for years to come.

The second stage of the project was the addition of an aeration system to the irrigation dam. The fountain-like structure sits centrally within the dam and works to

regularly agitate the water, increasing oxygen levels and reducing water temperature to limit the build-up of algae. The system also helps to improve the decomposition of organic matter from the wastewater system and improves nutrient distribution throughout the dam.

Finally, an upgraded irrigation filtration system was installed to ensure water leaving the dam goes through the most effective and efficient process to remove final sediment and impurities before being applied to the vineyard. This in turn boosts the efficiency and effectiveness of the whole irrigation system and ensures high quality water for the vines, promoting healthier growth, optimal yields, higher quality grapes, and superior wines.

CAPITAL PROJECTS (CONT)



CASE STUDY 3 SOLAR POWER INTEGRATION ACROSS THE PORTFOLIO

Warakirri has 300kw of solar power capacity across the portfolio, which supports our Tenant Partner's power requirements for general operations including processing, packing, and storing fruit on site.

These systems not only enhance the overall environmental footprint of our assets, but also significantly decrease electricity costs for the Fund's Tenant Partners.

At full capacity, the solar power system is forecast to reduce on-farm greenhouse gas emissions by over 300 tonnes per year. By harnessing solar energy, we are working with our tenants to actively contribute to the reduction of greenhouse gas emissions, promote cleaner air, and foster a healthier ecosystem.



Aerial photo of Chromy Estate

Leasing agricultural assets to Tenant Partners

Sustainability considerations are a critical element of the Warakirri Tenant Partner selection criteria for all Fund assets. Our asset management and investment team incorporate a range of environmental, ecological, climate, health and safety, and governance considerations into our tenant due diligence and screening process.

All Tenant Partner relationships are subject to Independent and External Tenant Counterparty Due Diligence, which includes an assessment of the governance of the business and “fit and proper person” tests for directors and key management. This process also includes an assessment of the Tenant’s commitment to sustainability and farmland stewardship, their environmental track record and engagement with local communities.

A range of specific sustainability obligations are incorporated into our lease agreements and ongoing monitoring to track performance and stewardship of Fund assets. We’re pleased to say that each of the existing tenants in this Fund share our strong commitment to sustainable farming practices and continual improvement.

Over the coming year, Warakirri will commence a program of surveying tenants to measure their sustainability performance, management practices and initiatives employed on Fund assets. The survey will be designed in line with our own objectives and those of the Leading Harvest Farmland Management Standard.



TENANT PROFILE COSTA GROUP

Costa Group is Australia’s premier grower, packer, and marketer of fresh produce, including fruits and vegetables. With a diverse portfolio that spans berries, mushrooms, citrus, avocados, and tomatoes, Costa Group is a key player in the agricultural sector. Their operations extend across Australia, with international ventures in China and Morocco.



Costa is a Tenant Partner on the Fund’s Southbrook Berries property in Western Australia. The property is a strategic mixed berry production asset covering 57 hectares of intensive protected cropping, operated by a high-quality internal management team.

Costa Group is committed to environmental sustainability with their strategy built around ten key principles of Sustainable Commercial Farming including:

- 1 Water use and security
- 2 Climate change
- 3 Waste
- 4 Nutritional inputs
- 5 Biodiversity
- 6 Production yield
- 7 Productivity and efficiency
- 8 Workforce
- 9 Community
- 10 Health and wellbeing

Costa Group shares a commitment to achieving net zero emissions, reducing food waste, developing closed-loop packaging solutions, and ensuring ethical sourcing and supply chain practices.

Costa Group continuously adapts to emerging trends and regulatory requirements, focusing on climate resilience, water stewardship, biodiversity enhancement, and reducing nutritional inputs in farming. They are dedicated to improving the communities in which they operate, contributing to a sustainable food and grocery supply chain in Australia.

Recognising their reliance on and impact on natural assets and ecosystems, Costa Group is actively monitoring the development of the Taskforce on Nature related Financial Disclosure (TNFD) framework. Costa Group plans to leverage the TNFD framework to enhance their understanding and management of nature-related risks. This follows previous work utilising the Taskforce on Climate related Financial Disclosures (TCFD) framework for climate-related risk assessment.

Costa Group’s comprehensive approach to sustainability underscores their dedication to environmental stewardship, social responsibility, and robust governance, ensuring they remain a leader in sustainable agriculture.

Leading Harvest Farmland Management Standard

In September 2023, Warakirri became one of the first Australian agriculture asset managers to achieve certification to the Leading Harvest Australia Farmland Management Standard (the Standard). The Leading Harvest certification covers up to 200,000 hectares of properties held by Warakirri funds, including properties within the Diversified Agriculture Fund.

Leading Harvest provides industry-leading sustainability standards that drive the transition to more sustainable and resilient land management globally. Fundamental to the Standard is a commitment to continuous improvement. The standard covers thirteen principles for sustainable agriculture:

- 1 Sustainable agriculture
- 2 Soil health and conservation
- 3 Protection and water resources
- 4 Protection of crops
- 5 Energy use, air quality and climate change
- 6 Waste and material management
- 7 Conservation of biodiversity
- 8 Protection of special sites
- 9 Local communities
- 10 Employees and farm labour
- 11 Legal and regulatory compliance
- 12 Management and continual improvement
- 13 Leased operations

Our adherence to the Standard was rigorously audited by an independent third party across 33 performance measures and 73 indicators.

In July 2024, as this report was being prepared, Warakirri was subject to a surveillance audit required by the Leading Harvest Standard. Surveillance audit findings concluded there were no major non-conformances and no minor non-conformances. Practices supporting conformance were demonstrated to have improved and, in some instances, brought into conformity with the Standard's requirements since the previous audit in 2023. One notable practice highlighted a high level of greenhouse gas emissions measurement and management.

For more information about Leading Harvest and to read our 2024 Audit Report, visit [Home Page - Leading Harvest](#)

LEADING HARVEST DRIVES CONTINUAL IMPROVEMENT CHROMY ESTATE, TASMANIA

Our first independent Leading Harvest audit, undertaken between July to September 2023, identified the opportunity to improve Principle 7 Conservation of biodiversity. In April 2024, Warakirri commissioned a comprehensive environmental assessment of the Fund's Chromy Estate asset in Tasmania. Chromy Estate is a blue-chip Tasmanian asset with a class leading vineyard, modern winery, restaurant and cellar door, attached to a well-recognised, award-winning wine brand. The total property area is 160.83 hectares, and includes 61 hectares of planted vineyard, weighted most heavily to Pinot Noir (60%) and Chardonnay (23%) varieties, a further area of vacant land suitable for 30-40 hectares of new plantings.



In our commitment to corporate sustainability, the assessment included a comprehensive Biodiversity Plan. The plan outlines best practice management for threatened species; a program to locate and protect known occurrences of these species; and recommendations for the maintenance and conservation of non-agricultural areas. Additionally, the assessment provided Warakirri with a register of threatened flora and fauna species that have been recorded, or may be present, on Chromy Estate.

A key observation of the assessment was the identification of the threatened green and gold frog, *Litoria raniformis*. The species has undergone substantial declines in both extent and abundance since the 1980's (Department of the Environment, Water, Heritage and the Arts (DEWHA) 2009). This includes Tasmania, where the species has declined significantly, having disappeared from the Midlands, Derwent Valley, much of the Hobart region and parts of the north-west coast (Threatened Species Unit 2001).

The report included Biodiversity and Conservation Plans for Warakirri and Endeavour to actively conserve threatened species and their habitats on the property.

The conservation plan aims to:

- **Protect and enhance habitats:** Facilitate the conservation of threatened species and their habitats including for the green and gold frog.
- **Increase habitat availability and quality:** Improve the availability and quality of habitats for threatened species on the property.