Investment Termsheet - Barrenjoey First Ag Credit Fund

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GENERAL RESEARCH

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Investment Term Sheet

Provides a summary of the key terms and features of the investment fund described below
This document has been prepared by Horizon Investment Solutions (AFSL 527462).

Fund Overview

Field	Details
Fund Name	Barrenjoey First Ag Credit Fund
Fund Manager / Responsible Entity	Barrenjoey Private Capital Management Pty Limited (ACN 636 972 480) Barrenjoey Private Capital Nominees Pty Limited (ACN 658 384 171, AFSL 556003)
Fund Structure	Unregistered and unlisted Australian wholesale unit trust
Listed / Unlisted	Unlisted
Asset Class	Private credit, agricultural trade finance (beef livestock, sheep livestock, grain and dairy cattle)
Investment Objective	• Target net return of **9.5%–10.5% p.a.** (BBSW + 6%–7%) • Paid as **quarterly cash distributions**, net of all fees and expenses • Returns are targets only and are not guaranteed
Investment Strategy	• Primary production **trade finance loans** to mid-market Australian and New Zealand agricultural operators • Loans secured by **first-ranking interests** over livestock, dairy and grain commodities and relevant accounts receivable • Proprietary structures transfer risk away from borrower credit risk towards **commoditised, liquid assets** and institutional-grade counterparties (e.g. Woolworths, Coles, JBS, Fonterra)
Target Markets / Geography	• **Geography:** Australia and New Zealand • **Target borrowers:** Mid-market agricultural operators with ~$50 million to $300 million in revenue
Offer Document	Information Memorandum dated 31 October 2025

Offer Terms

Field	Details
Offer Status	Open to new investors
Offer Open Date	n.a.
Offer Close Date	Open-ended, quarterly applications
Target Raise	The fund has aspirations to grow to approximately $1 billion in total. Near-term target of approximately $400 million in deployed capital within 24 months of launch.
Hard Cap	Not specified. The fund is open-ended and the Trustee may close to further investment at its discretion.
Minimum Investment	$100,000 (the Trustee and Manager may waive or vary this minimum at their absolute discretion)

Field	Details
Investor Eligibility	Wholesale investors only
Unit / Interest Price	Units were initially issued at $1.00. Subsequent issues NAV plus Transaction Costs plus the Upfront Fee per Unit. At 19 May 2026: NAV $0.99 per unit.
Application Process	Completed application forms and onboarding documents must be received at least 20 business days prior to the end of the relevant quarter. Capital commitments must be paid within 10 business days of acceptance notification.

Fund Terms

Field	Details
Fund Term	Open-ended (evergreen).
Investment Period	Unitholders are subject to a 12-month lock-up period from first investment
Extension Options	Not applicable. The fund is open-ended.
Liquidity / Redemptions	• **Lock-up:** 12 months from first investment • **Redemptions:** Quarterly, subject to limit of 10% of NAV per quarter • **Notice Period**: 90 days' written notice
Distribution Frequency	• Quarterly • Paid within 20 business days of the relevant quarter end.
Distribution Reinvestment	DRP available at the Trustee's discretion.
Capital Call Structure	Paid in full upon application
Transfer Restrictions	Prior written consent of the Trustee and Manager required.

Return Profile

Field	Details
Target Return	**Target BBSW + 6%–7% p.a.** net of all fees and expenses **(currently 10.3%–11.3% p.a.**
Return Type	Primarily income (yield), paid as quarterly cash distributions.
Preferred Return / Hurdle Rate	BBSW + 4.0% p.a. The performance fee is only payable on unit returns exceeding this hurdle.
Target IRR	N.A
Target Equity Multiple	N.A.

Fees and Costs

Fee Type	Rate / Amount	Description
Management Fee	1.00% p.a. (excl. GST)	Calculated on the Net Trust Value, accrued quarterly. The Manager may share the management fee with First Ag.

Fee Type	Rate / Amount	Description
Performance Fee / Carried Interest	10% of returns above BBSW + 4.0% p.a. (excl. GST)	Payable only when unit returns exceed the hurdle rate (BBSW + 4.0% p.a.) and are above the Reset Mark (high-water mark). Payable on the last day of each financial year, on redemption, or on termination of the Manager.
Entry / Application Fee	0.50% (excl. GST)	Payable on application is accepted, for writing and establishing loan facilities.
Exit Fee	Nil	
Establishment Costs	Borne by the fund	
Ongoing Fund Expenses	Not separately quantified as a percentage	The fund bears all expenses properly incurred in its management and administration, including registry, audit, legal, administrator, custodian, transaction costs, taxes and travel. Overheads of the Trustee or Manager are excluded. No cap on ongoing expenses has been disclosed.
Adviser Remuneration	At Manager's discretion	Manager may pay some or all of its fees to third parties (including advisers and dealer groups) to facilitate capital raising, at its discretion.

Risk Profile and Suitability

Field	Details
Risk Rating	The Information Memorandum describes the investment as involving significant risks due to the nature of the fund's investments. No formal risk rating scale has been provided by the manager.
Suggested Minimum Investment Timeframe	Minimum 24 months. A 12-month lock-up applies from the date of first investment, and the Manager's forecasts show target returns being achieved over a 24-month hold period.
Target Investor Profile	Wholesale and professional investors who can sustain a loss of all or part of their investment, do not require certain or predictable income flows or immediate liquidity, and are comfortable with the risks inherent in private credit and agricultural lending. Investors must have the financial ability and willingness to accept the risks and lack of liquidity for the duration of their investment.
Capital at Risk	Investors may lose some or all of their invested capital. This investment is not capital guaranteed.
Liquidity Risk	The fund is unlisted and illiquid. There is no guaranteed secondary market, and investors may not be able to exit prior to the expiry of the 12-month lock-up period. Even after the lock-up, quarterly redemptions are capped at 10% of Net Trust Value and may be scaled back or carried over at the Trustee's discretion. Investors should be prepared to remain invested for the suggested minimum timeframe and potentially longer if redemption requests are scaled back.

Key Risks

Highlighted Risks

- **Concentration risk:** All investments are concentrated within the agricultural trade finance sector. The fund currently holds approximately seven loans. With approximately $155 million deployed across seven borrowers, a default by any single borrower could materially impact fund returns. Approximately 55% of the portfolio is currently allocated to beef livestock.

- **Leverage and gearing risk:** The fund uses leverage of up to 50% of total assets (current target cap 40%) via a facility with SMBC. As at the meeting date, approximately $44 million in debt was drawn against $155 million deployed (approximately 28%). Leverage magnifies both returns and losses and increases exposure to rising interest rates, economic downturns, and deterioration in underlying asset conditions. If the credit facility is cancelled or unavailable, investor returns may be reduced.
- **Natural disaster and disease risk:** Underlying livestock assets are exposed to natural disaster (fire, flood, drought) and disease risks. While feedlot environments and site inspections mitigate these risks, and national insurance schemes exist for government-mandated cull orders, not all borrowers carry comprehensive all-mortality insurance. A significant event at a single property could result in losses.
- **Avian influenza (bird flu) — current adviser commentary (June 2026):** Queries were raised with Barrenjoey regarding the potential impact of the current H5N1 avian influenza outbreak on the fund's portfolio. Barrenjoey's response, provided by Simon Brinsmead (22 June 2026), is summarised as follows:
    - Barrenjoey does not expect the outbreak to have any impact on the fund's portfolio or its strategy going forward, and will continue to monitor developments.
    - The NSW Department of Primary Industries has confirmed there is no expected downstream impact on beef livestock or lamb for meat. Reference: NSW DPI — H5 Bird Flu and Livestock Industries.
    - Dairy operations and piggeries are considered most at risk from the current outbreak, noting however that the virus is not usually fatal in these livestock.
    - In relation to beef, most infected livestock are reported to be asymptomatic, with no change to weight gain observed.
    - Hypothetically, if a feedlot suffered an outbreak resulting in lighter cattle, major offtakers such as Woolworths would typically either extend the supply contract or accept lighter cattle at a discounted price, with an alternative option of selling on the open market.
- **Liquidity risk:** The fund is unlisted with no secondary market. Redemptions are capped at 10% of Net Trust Value per quarter and may be scaled back. Investors may not be able to exit at the time of their choosing and should be prepared for their capital to be illiquid for an extended period.

Fund-Specific Risks

- **Manager and key person risk:** The fund's performance depends on the capabilities of the Manager (Barrenjoey Private Capital Management) and the Portfolio Manager (First Ag). First Ag comprises four staff members and is led by two co-founders. The departure or incapacity of key personnel, particularly the First Ag co-founders, may negatively impact loan origination, monitoring and fund performance.
- **Borrower default risk:** One or more borrowers may default on their obligations, leading to financial difficulties for the fund and potential loss of investor capital. While loan structures are designed to be self-liquidating and secured by physical assets, borrower performance risk remains, particularly regarding the ability to fatten animals to specification and deliver into contracts.
- **Counterparty risk:** The fund's structures rely on institutional off-takers (such as Woolworths, Coles, JBS and Fonterra) honouring fixed-price purchase contracts. A default by a major off-taker could result in losses for the fund. Similarly, the bulk handlers responsible for storing grain assets may fail to meet their obligations.

- **Asset valuation risk:** Loans are held at face value except in cases of impairment. The underlying livestock and grain assets may be difficult to value accurately, and realisable values in a forced sale scenario may differ from appraised values. The fund targets a portfolio LVR of approximately 70%, providing an approximate 30% buffer before loss of investor capital could occur.
- **Commodity Trading SPV risk:** The Commodity Trading SPV intended to hold grain assets under repurchase-style facilities has not yet been fully established. Until this entity is operational, the fund's security position over grain assets may differ from the intended structure described in the IM.
- **Portfolio Manager (First Ag) risk:** The fund relies on First Ag as an exclusive originator and loan monitor. First Ag is a small team (four staff as at 30 September 2025) with the fund's origination and monitoring capabilities concentrated in its two co-founders. Any disruption to First Ag's operations could impair the fund's ability to originate and monitor loans.

General Investment Risks

- **Market risk:** The value of the fund's underlying assets may decline due to broader macroeconomic conditions, economic cycles, or adverse movements in commodity prices. While loan structures incorporate fixed-price contracts and conservative extension ratios, some assets may not be under contract and remain subject to market price fluctuations.
- **Inflation risk:** Investment returns may not keep pace with inflation, reducing the real purchasing power of distributions and capital. While the fund targets a floating rate return benchmarked to BBSW, actual returns may fall short of the target.
- **Interest rate risk:** Changes in interest rates may affect the fund's borrowing costs on its leverage facility and the relative attractiveness of the fund's target returns. A decline in BBSW would reduce the absolute return to investors, as the target return is expressed relative to BBSW.
- **Regulatory and tax risk:** Changes in law, regulation, or tax treatment in Australia or New Zealand could adversely affect the fund or investor returns. This includes potential changes to the AMIT regime, managed investment trust taxation, or agricultural regulation.
- **Taxation risk:** The tax treatment of distributions or gains may change over the fund term. The fund intends to elect for AMIT status and flow-through tax treatment, but there is no guarantee that these elections will remain available or that tax law will not change during the investment period.

Fund Manager Background

- **Manager:** Barrenjoey Private Capital Management Pty Limited (ACN 636 972 480), authorised representative (No. 001296393) of Barrenjoey Private Capital Nominees Pty Limited (ACN 658 384 171, AFSL 556003)
- **Firm overview:** Australian full-service financial services firm established September 2020; offices in Sydney, Melbourne, Perth and Hong Kong; locally managed with significant staff ownership; ~450 employees from over 100 organisations.
  [***update 30/06/2026***: Barrenjoey has recently been acquired by ASX-listed Magellan Financial Group (ASX MFG). The merger creates a diversified financial services group with a market capitalisation of $2.0 billion and $45 billion in funds under management. Magellan will be renamed Barrenjoey under ASX code BJY]
- **Portfolio Manager:** First Ag Capital Pty Ltd (ACN 652 074 381)
- **CEO & Co-Founder:** Justin Harrison — 30+ years' banking experience (Suncorp, Rabobank)

- **CFO & Co-Founder:** Lawrence Frawley — 15+ years' commodity structuring experience (formerly ANZ)
- Combined 45+ years' experience; previously originated over $1 billion in agricultural lending
- **Prior track record:** First Ag's lending structures were originally funded by Greensill, through which a $400 million loan book was built. When Greensill collapsed in 2021 (unrelated to First Ag's agricultural book), the portfolio was placed into immediate run-off — the majority of capital was returned within four months, with full repayment within six months and no losses, defaults or missed interest payments.
- *Past performance is not a reliable indicator of future performance.*
- **Current deployment (as at 30 June 2026):** ~$155 million deployed across seven investments in beef, sheep and grain; Net Trust Value ~$116 million
- Cash yields delivered within target return range every quarter since inception (April 2025)
- *Past performance is not a reliable indicator of future performance.*

Tax and Structure Considerations

- **Structure:** Unregistered Australian unit trust, expected to qualify as a Managed Investment Trust (MIT) for Australian tax purposes
- **AMIT election:** The Trustee intends to make an irrevocable AMIT election, treating the fund as a flow-through vehicle for income tax purposes. The Trustee should not be liable to pay Australian income tax on the fund's taxable income (provided the fund does not fall within the public trading trust provisions)
- **Investor taxation:** Investors include their attributed share of the fund's taxable income in assessable income for the relevant year, regardless of whether income is physically distributed. Distributions retain their character (income, capital gains, tax-deferred amounts) when received
- **CGT:** The Trustee is expected to make a capital account election (gains/losses subject to CGT provisions). Investors holding units for at least 12 months may be entitled to the CGT discount: 50% for individuals/trusts, 33.33% for complying super funds
- **GST/Stamp duty:** No GST on unit subscription or distributions. No stamp duty unless an investor (including related persons) holds 50% or more of total issued units
- **Annual reporting:** An AMMA Statement is provided to each investor annually to assist with tax return preparation

Note: Investors should seek independent tax advice. This section summarises information from the Information Memorandum only.

Custodian and Administration

Field	Details
Custodian	Automic Pty Ltd and its subsidiaries (providing incidental custody services as part of the trust administration arrangement)
Fund Administrator	Automic Pty Ltd and its subsidiaries (ACN 152 260 814), Level 5/126 Phillip St, Sydney NSW 2000
Auditor	An independent auditor has been appointed by the Trustee to conduct annual audits. The specific auditor is not named in the Information Memorandum.
Trustee	Barrenjoey Private Capital Nominees Pty Limited (ACN 658 384 171, AFSL 556003), Quay Quarter Tower, Level 19, 50 Bridge Street, Sydney NSW 2000

Field	Details
Investor Reporting	Quarterly reports (unit pricing, market commentary and performance updates) within 60 days of quarter end. Annual audited financial statements within 90 days of financial year end (30 June). Annual taxation statements (AMMA Statements) within 90 days of financial year end.

Important Notices and Disclaimers

- Prepared by Horizonis (AFSL 527462) for general informational purposes only; does not constitute financial product advice and has not been prepared taking into account any particular investor's objectives, financial situation or needs.
- Before investing, read the relevant offer document in full (including the risk section), consider whether the investment is appropriate for your personal circumstances, and seek independent financial, legal and tax advice.
- Target returns, forecasts and projections are based on assumptions and are not guaranteed. Actual returns may differ materially. Past performance is not a reliable indicator of future performance
- This document is intended for wholesale or sophisticated investors only (as defined under the Corporations Act 2001 (Cth)) and must not be distributed to retail investors without a compliant PDS or other regulated offer document.
- This term sheet is current as at the date of preparation and is subject to change. Horizonis accepts no liability for any loss or damage arising from reliance on this document.

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