African Agricultural Land Fund II

Fees and Charges:

N.B.: The below fees for ALF II are designed so that the Fund is financially viable for its life and not contingent on subsequent ALF launch fund raises.

Set up fee: 2%

1. Charged from the fund subscription amount, and must be made up by the Fund to get the NAV performance back to flat.
2. Paid to the Placement Agent – Emergent Asset Management – a separate entity from EmVest.
3. Covers all marketing & origination costs.
4. Allows EmVest to spend its allocation on maximising its management team and stay ahead of its rapid growth curve. Investing in people is critical to the success of the Fund.

Management fee: 2.5%

1. Fixed for life of fund at initial capital commitment. We chose to do this in contrast to revaluing on the basis of changes to the annual NAV to ensure alignment of interest with investors.
2. ALF is not like any other Agri fund in Africa. It has its own cross-border operator (currently over 5 countries), with the associated management requirements & costs.
3. This Fund requires a very large structure, which is costly to run and incentivise.

Coupon Structure

1. The payment of a target 8% net coupon to the investors on an annual basis in effect securitises the Fund into a payment stream with considerable value uplift.
2. Incentivising the management and operating team annually will consistently increase motivation of the team over the life of the Fund.
3. There is no claw back on the coupons. This money must be paid out as per point 2 above.
4. However, the more positive the cash flows and coupon payments, the greater will be the Fund's value as a cash flow positive structure. The payment of a coupon as a result of a positive cash flow makes the need for a claw back clause very unlikely for this payment structure.
5. Some of the incentive fee from the coupon (at the management's discretion) will be paid out to the management and the team as a retained ownership in the Fund. Our aim is to tie in key personnel to the long term success of the Fund.

6. As the management fee is fixed, we can assume that, as the Fund grows, sells assets and buys new assets, the workload to manage the Fund will increase, impinging on the costs of management. As the management fee is fixed during the life of the Fund, successful growth will be reflected in a coupon payment and will offset these elements of risk to the manager.

Performance Fees

1. First hurdle: below a hurdle of 8% simple, there is no performance fee.
2. Above the first hurdle, the claw back rate is 50%.
3. Once the claw back has finished, there is a 20% performance fee.
4. Second hurdle: above an annualised IRR of 30%, the performance fee will increase to 30% on that amount. This is an incentive designed to ensure that an exception exit value is achieved.
5. All performance fees are paid out on exit.