

KAHUI HOLDINGS LIMITED PARTNERSHIP

FACTSHEET

7.5% p.a. return paid monthly

MYFARM™
INVESTMENTS

An opportunity for eligible and wholesale investors to participate in the ownership and rental returns from a modern laboratory and office facility located in Hamilton city with a long-term lease to one of New Zealand's oldest co-operatives, Livestock Improvement Corporation.

Monthly distributions of 7.5% p.a. have commenced and are forecast to increase to 7.7% in years three and four.

“Kahui” is a Maori term and it means ‘herd’ or ‘group’. We thought the name reflected the property’s long term use as core to Livestock Improvement’s business, the testing of milk and animal genetics. However technology develops, testing will be a key requirement of herd improvement.

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Kahui Holdings Limited Partnership has been formed to acquire a laboratory and office facility. The site contains Livestock Improvement’s diagnostic (genetics testing) laboratory; in 2015 a new Milk Testing laboratory was added to the 1.079 ha site. The 2015 building was built to code; the older diagnostic laboratory is rated Seismic Grade A.

Livestock Improvement is one of New Zealand agriculture’s leading testing, research and development providers, investing more than \$25 million or 11% of revenue annually. The site is to be leased for ten years from settlement with five rights of renewal of five years each.

The lessee pays all outgoings and the initial rent is \$497,500 p.a. paid monthly in advance, at an initial 7.5% annual return. Annual rent increases by the rate of the Consumer Price Index every two years, with market based rent reviews in years 10, 15, 20, 25 and 30, subject to a ratchet clause.

INVESTMENT HIGHLIGHTS

- Offer is for \$4.5 million (450 units at \$10,000/unit), minimum investment \$100,000. **90 \$10,000 units are still available.**
- Building purchase price is \$7.2 million funded 59% by Partnership contributed capital and 41% by bank debt.
- Monthly cash distributions have commenced November 2017, and are forecast to average 7.6% p.a. for the first four years, increasing to 8% thereafter.

WHO CAN INVEST?

- Investors who invest \$750,000 or more; or
- Investors who certify they have investing experience that enables them to know their information needs and assess the merits of offers and the adequacy of information provided, or;
- Investors who either have a business based on investing, or meet prescribed income or asset criteria (a portfolio of specified investments > \$1.0 million, or net assets or annual income > \$5 million).



Source: Google Maps



PROPERTY DETAILS

- The property is 1.079 ha and is located at 140 Riverlea Road, Hamilton and is leased to Livestock Improvement Corporation Ltd which provides genetics and information to create superior (dairy) livestock.
- The site contains two major buildings; the diagnostic building consisting of 2,090 m² made up of office/laboratory, wash area, chiller and storage. This building features lightweight roofing, timber framed walls with a combination of brick veneer and compressed sheet cladding and concrete slab floors. The recently built (2015) Herd testing building of 1,536 m² includes office/laboratory, wash area and chiller.
- The Herd Testing building was built to code in 2015; the Diagnostic Building has an earthquake IEP rating of greater than 91% NBS (rated Grade A).
- The building is leased to two LIC entities for a term of ten years plus five rights of renewal for five years each.
- The initial annual rental of \$497,500 p.a. will be adjusted by CPI on a 2 yearly basis with market based adjustments to apply on rent renewal. A ratchet clause ensures that the rental will never fall below the initial rental.

KEY RISK FACTORS

The property is considered to have a low risk profile in comparison with other commercial properties in the area.

Strengths and weaknesses:

Large site; modern adaptable improvements; strong lease with national tenant; CPI adjusted rental growth every two years; good yield; vibrant local real estate market driven by Auckland / Tauranga / Hamilton growth including development of the inland port; recovering local and global economy; potential flow on effect from development improved dairy sectors; rental gain through lease terms; low mortgagee rate environment.

Opportunities and threats:

Rising interest rates reducing investment yield, the possible downturn in commercial property rents, a New Zealand wide recession, a downturn in animal genetics and information management needs, LIC does not renew the lease on a specialized building.

INVESTMENT STRUCTURE

- Kahui Holdings LP is a limited partnership in which investors (limited partners) will each own a proportion of the property assets and receive a proportion of net rental proceeds.
- Distributions will be made on a pre-tax basis and investors will account for tax on their share of Partnership profits and losses.
- The Partnership will be governed by its general partner, Kahui Holdings GP Limited, a subsidiary of AGInvest Holdings.
- The board of Kahui Holdings GP Ltd will comprise two senior MyFarm executives, Grant Rowan and Brian Cloughley. Investors are able to elect a third member to the Board.

ABOUT LIVESTOCK IMPROVEMENT

- LIC is a farmer owned co-operative with 10,500 members and with origins back to 1909.
- Their focus is to improve the genetics of the national dairy herd, to improve the quality and utility of information and to provide smart and innovative technology.
- Assets of \$323 million, turnover of more than \$200 million and more than 800 staff.

ABOUT MYFARM

- MyFarm is a specialist syndication business with a focus on property-based syndications.
- Since 1990, MyFarm has provided investors with opportunities to access returns from New Zealand farm land through investment in handpicked, premium farms. It has more than \$520 million of rural assets under management.
- In recent years MyFarm has diversified into kiwifruit, pipfruit, vineyard and rural commercial property syndication, and switched to a commercial property model in which it syndicates property for leasing to high-quality lessees.

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