

Kaipī Road Limited Partnership

Information Brief: November, 2024

9.5% p.a.

Forecast returns paid monthly



Introducing Kaipī Road LP

Kaipī Road Limited Partnership was established in November 2024, with the purchase of a modern free-range poultry production facility at 229 Kaipī Road, New Plymouth. The facility is leased by one of the country's most recognised brands, Tegel Foods Limited (Tegel).

The nine sheds were built in 2014 on an 11.49 ha site and have eight years of the initial lease to run. The final expiry, assuming all options are taken, is 2047. The lease terms ensure the tenant is responsible for all outgoings associated with operating and maintaining the underlying assets.

In response to market demand, the facility received considerable capital upgrades in 2022/23 to convert to a rare-to-find free-range system. The lessors met the capital costs of redevelopment, with Tegel repaying the development work through capitalised rent. Over the next three years, the repayments of interest and capital will be paid monthly to the property owners in addition to the base lease. The capitalised rent supports an attractive initial return profile for Kaipī Road LP investors, as shown in Figure 1.

An opportunity to access inflation-resilient forecast returns of 9.5% p.a. from a passive investment in a free-range poultry production facility leased to Tegel Foods Limited.

- **Strong forecast distributions:**
 - Forecast to commence at 9.5% p.a., paid monthly.
 - Equivalent to a +12.2% p.a. return when compared to fully taxable investments.
- **Income growth:** Annual CPI rental adjustments.
- **Strong tenant:** Nationally recognised brand; facility is modern and free-range certified.
- **Security:** Favourable lease terms, leased until 2032, with 3 x 5 year rights of renewal.
- **Positive Valuation:** Property was purchased for \$19.6 million; valuation in May 2024 of \$20.46 million.
- **Protected sector:** Biosecurity laws create a unique competitive advantage.

The site is superbly presented, set in an old stone quarry, and sits alongside the Waiwhakaiho River and adjacent to a picturesque regenerating native forest. The nine sheds each measure 2,200 square meters giving a total footprint of 19,800 square meters. All sheds have the latest automation technology installed to maximise efficiencies. The site also features two three-bedroom brick houses built in 2014.

MyFarm has a strong track record in this sector. Since 2021, we have purchased three poultry production facilities via two syndicated investments which have a proven track record of delivering regular investor returns. This property at Kaipī Road was purchased at an opportune time before the recent reductions in interest rates. With interest rates projected to fall further, opportunities with comparable cap rates and return profiles are likely to become increasingly challenging to find.

Interested wholesale investors still have the possibility to invest as we look to sell down the final underwritten Units.

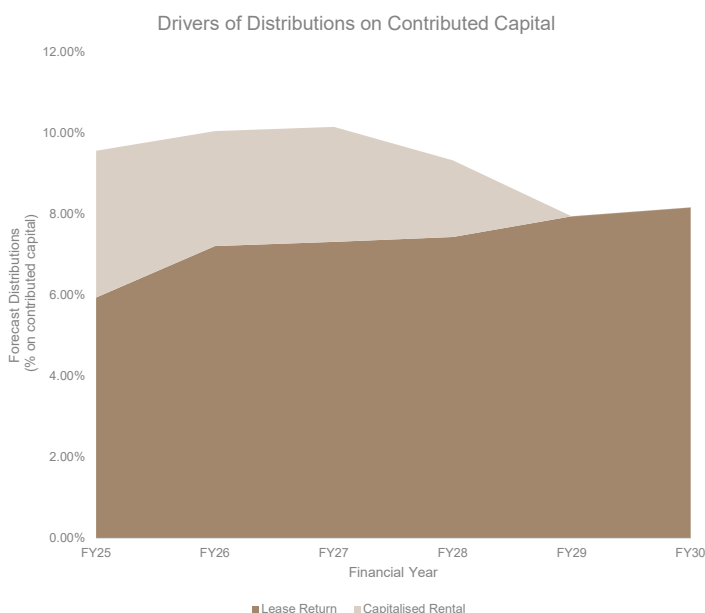


Figure 1: Drivers of Forecast Distributions on Committed Capital

Investment Highlights

Kaipu Road LP is attractive for investors seeking:

- **A high relative net return** - Annual depreciation equivalent to 6.0% of opening asset value is expected to be a tax-deductible expense. For example, when assuming a tax rate of 33%, the expected return of 9.5% in FY25 is equivalent to receiving an 12.2% pre-tax return from other fully taxable investments.
- **A strategic asset** - Tegel has invested in the free-range conversion, making Kaipu Road LP one of the few free-range facilities leased by Tegel. The facility is also strategically located in Taranaki, one of New Zealand's top poultry producing regions. The asset is close to other Tegel processing facilities and significant pools of skilled labour.
- **An inflation-resilient investment** - The lease is adjusted annually in line with the Consumer Price Index (CPI), increasing the Partnership's income in line with inflation.
- **Favourable lease terms** - Operating and capital expenses for the Partnership are kept low as the tenant covers operational and maintenance costs; subsequently, the majority of rental income flows to distributions.
- **Regular income** - Monthly distributions provide regular income; forecast to begin at 9.5% p.a on contributed capital.
- **Participation in a protected market** - Under strict biosecurity laws, only poultry raised in New Zealand can be sold here. There is no competition from comparable imported international products.

Interested in finding out more?

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Offer Details

Initial distribution forecast	9.5% p.a. paid monthly.
Rent review	Annual CPI adjustment.
Favourable lease terms	Tenant covers all operational and maintenance costs.
Lease term	8 years remaining on initial 15-year term with 3 x 5 year right of renewal. Final expiry in 2047.
Target loan-to-value ratio	35%
Capitalisation	Intended to be funded \$13.6 million of investor equity and \$6.65 million of bank debt.
Minimum investment	\$50,000, thereafter increments of \$1,000.
Fees	A one-off establishment fee of 4.5% of assets. Annual management fee of 0.5% of assets, CPI adjusted annually.
Tax status	The Limited Partnership is not a tax entity; tax will be the responsibility of investors in Kaipu Road LP. Compared to an investment whose income is fully taxable, assumed depreciation benefits could add up to 2.70% p.a returns for an investor on a 33% tax rate.
Liquidity	Kaipu Road LP will be hosted on the Syndex exchange. www.syndex.exchange

Why MyFarm?

MyFarm is one of New Zealand's leading specialist primary sector investment firms, with over \$575m of assets under management. Since 1990, MyFarm have provided investors with exposure to productive primary assets, allowing participation in New Zealand's vibrant rural economy.

Note: This Information Brief is directed to persons who fall within the exclusions applicable to offers made to "wholesale investors" as set out in Schedule 1, clause 3 of the Financial Markets Conduct Act 2013 (FMCA). You can obtain further information on FMCA requirements, and whether you come within the exclusions and their requirements on our website: www.mylfarm.co.nz/can-i-invest

This investment described in this Information Brief is not suitable for retail investors.