

MyFarm KiwiFruit Fund Limited Partnership

Second Quarter Information Brief:
Tuesday 21st January 2025

10% p.a.*

Targeted total return, incl. capital growth



An opportunity to invest in a diversified portfolio of established SunGold™ kiwifruit orchards and Zespri shares that is targeting a total annual return of 10%*.

The MyFarm KiwiFruit Fund provides investors with proportional ownership of 17 established SunGold™ kiwifruit orchards spread between the Bay of Plenty and Northland and a sizeable holding of Zespri shares (ZGL). The orchards cover a total area of 160 hectares, with nearly all (97%) licenced with SunGold™ kiwifruit. The Fund aims to hold 15% of its assets as Zespri shares, which are only available to kiwifruit growers and have a track record of attractive dividends.

The fund was formed on 1 July 2024 as a result of the amalgamation of 11 limited partnerships. Wholesale investors have the opportunity to join the Fund by taking up Units via the Fund's second quarterly Unit auction, scheduled to open on 11th February 2025.

Why does the kiwifruit industry show good potential?

The New Zealand kiwifruit industry has grown to be New Zealand's biggest horticultural export. From March 2000 to March 2023, the 12-month rolling total of kiwifruit export receipts grew by 571 percent.¹

The sources of this industry success remain. Firstly, SunGold™ is a successful kiwifruit variety, protected by Plant Variety Rights through to 2039. It is a fruit with health attributes, it is highly productive, stores well and consumers are prepared to pay a high price for it. Orchardists can generate high operating margins, high profits and strong cashflows.

Secondly, the industry has been very well supported by Zespri, the world's biggest kiwifruit exporter and the single desk marketer for New Zealand kiwifruit. Zespri has global brand recognition and can efficiently marshal research and resources to enhance the industry.

Thirdly, Zespri's mandate includes the development of new high-value kiwifruit varieties in partnership with Plant and Food Research. This breeding work has the potential to create the next commercial orchard development opportunity for the Fund.

Why is the Fund looking to invest in Zespri shares?

Only kiwifruit growers can invest in dividend paying Zespri shares, which have historically provided gross dividend yields of between 15-25%. Over the last 12 months the gross dividend yield has been 17.72% based on a \$5.20 share price. The Fund is modelling net dividends of \$0.96/share p.a. over the five years to FY29.

Pre-registration of interest in Unit auction closes:

Friday 31st January

Auction scheduled to open:

Tuesday 11th February at 9am NZT

- **Strong Target Returns:** Targeted cash distributions of 7.5% p.a., paid quarterly (post fees, pre-tax). Targeted total return, including capital growth, of 10% p.a.*
- **Exciting sector:** Kiwifruit has grown strongly and is forecast to be a \$3.4 bn export industry in 2025¹; SunGold™ is the most profitable variety.
- **Risk mitigation from multiple incomes streams:** A unique mix of lease, production and dividend income; the Fund owns a diverse portfolio of 17 established orchards spread across the Bay of Plenty (77% of area) and Northland (23% of area).
- **Access to Zespri shares:** historic gross yield of 15-25% p.a.; ownership restricted to kiwifruit growers.
- **Benefits of scale:** assets approaching \$200 million; competitive finance and overhead costs; balance of mature and developing orchards.
- **Tax benefits:** from depreciation of SunGold licence and imputation credits. For investors on a 33% tax rate, the target 7.5% p.a distribution is estimated to be the equivalent of a 9.6% p.a. return on a fully taxable investment.

What are the benefits of the Fund?

The scale and diversification of the Fund provide several benefits for investors. Approaching \$200 million in assets, the Fund's geographically spread orchard portfolio and its holding of Zespri shares help to mitigate commercial and horticultural risk. The Fund's scale enables it to negotiate lower costs on key services such as finance, whilst also providing a wider range of strategic options - for instance the Fund intends to reinvest and to improve the quality of its existing assets, with the aim of providing capital growth, and could look to acquire new orchards.

The benefits of experience

A further strength is that the Fund represents known assets, known orchard lessees and managers and has an experienced Fund management and governance team. The 17 orchards that make up the MyFarm KiwiFruit Fund were syndicated between 2017 to 2022.



Offer Details

Target total return	10% p.a. (including cash and capital growth, after fees, before tax)*
Target cash distributions	7.5% p.a., paid quarterly (after fees, before tax)*. In the first year of the Fund to end May 2025, distributions are targeted at 4.5% p.a.*
Capitalisation	Equity of \$118.4 million and debt of \$85.0 million as of 30th November 2024. The Fund is seeking to raise up to \$37.0 million of capital by May 2026. The Fund's first capital raise in August 2024 raised \$2.0 million.
Key SIPO terms and current status	<ul style="list-style-type: none"> Target loan-to-value ratio of 20-35% by December 2025. As of 30th November 2024, LVR of 43%. Target Zespri shareholdings to the greater of three shares per tray of mature production or 15% of total Fund assets. As at 30th November 2024, the Fund owned 2.58 million shares, which is 0.53 million shares ahead on FY25 target and equivalent to 5.5% of Fund assets. 75% or more of the orchard portfolio (by value) to be located in the Bay of Plenty. As of 30th November 2024, 81% of orchards by value located in Bay of Plenty.
Minimum investment	\$20,000, thereafter increments of \$1,000.
Fees	<ul style="list-style-type: none"> Annual management fee of 0.75% of NAV. A capped annual performance fee of 15% of the pre-tax returns above an 8% p.a. threshold, measured on a three year rolling average basis.
Risks	All investments carry risks. To find out more about the factors which will determine returns, and the risks associated with this investment, please refer to the Information Memorandum, available at www.myfarm.co.nz/kiwifruit-fund
Structure and Tax status	The MyFarm KiwiFruit Fund is structured as a Limited Partnership. The Limited Partnership is not a tax entity; tax is the responsibility of investors in the MyFarm KiwiFruit Fund.
Liquidity	The MyFarm KiwiFruit Fund is hosted on the Syndex exchange – www.syndex.exchange - which offers the ability to list units for sale year-round. In addition, the Fund plans to support quarterly unit auctions. The Fund also has the ability to buy and cancel units where in the best interests of the Fund.

Interested in finding out more?

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Introducing MyFarm Investments

MyFarm is one of New Zealand's leading specialist primary sector investment firms, with over 600 million of assets under management.

Since 1990, MyFarm have provided investors with exposure to productive primary sector assets, allowing participation in New Zealand's vibrant rural economy.

Note: The offer described in this Investment Brief is only open to investors who fall within the exclusions applicable to offers made to "wholesale investors" as set out in Schedule 1, clauses 3 (2)(a)-(c) and 3 (3)(a)-(b)(ii) of the Financial Markets Conducts Act 2013 (FMCA). You can obtain further information on FMCA requirements, and whether you fall within the requirements for wholesale investors and the exclusions for wholesale offers at www.myfarm.co.nz/fmca

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

* The Fund is targeting total returns of 10% per annum (cash distributions plus capital growth) from year two of the Fund. In the first year of the Fund to end May 2025, distributions are targeted at 4.5% p.a. Returns may vary.

¹ Ministry of Primary Industries (2024) Situation and Outlook for Primary Industries, <https://www.mpi.govt.nz/dmsdocument/62637-Situation-and-Outlook-for-Primary-Industries-SOPI-June-2024>.

² BERL 1 NZKGI - Robertson, N. (2023). Single Point of Entry for kiwifruit exporting: Impacts on the New Zealand kiwifruit industry.

BERL. Retrieved from <https://canopy.zespri.com/content/dam/new-canopy/nz/en/documents/public/news/2023-NZKGI-Report-on-Single-Desk.pdf>