

# Kaipī Road Limited Partnership

Pre-Launch Information Brief: May, 2024

**9.0% p.a.**

Forecast returns paid monthly

## Introducing Kaipī Road LP

Kaipī Road Limited Partnership is being formed to acquire 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).

Tegel had significant input into the site layout and construction of the production sheds in 2014. The nine sheds are built on an 11.49 ha site and have eight years of 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.

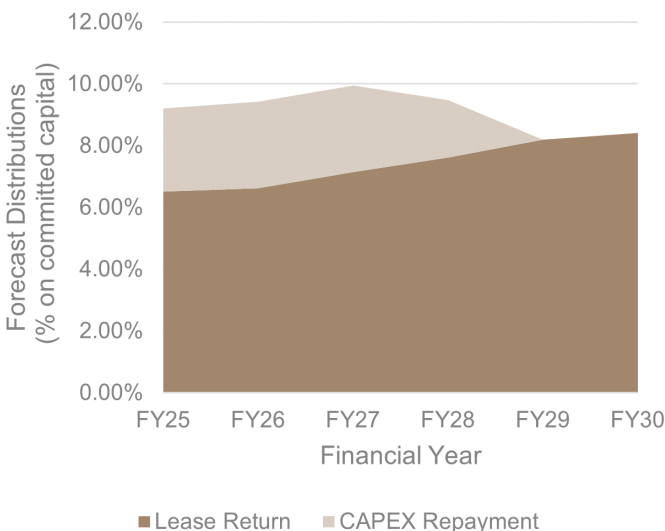


Figure 1: Drivers of Distributions on Committed Capital

## The Opportunity

An opportunity to access inflation-protected forecast returns of 9.0% p.a. from a passive investment in a free-range poultry production property, leased to Tegel Foods Limited.

- **Strong forecast distributions:**
  - Forecast to commence at 9.0% p.a., paid monthly.
  - Equivalent to a +11% 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.
- **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. As we reach the top of the current interest rate cycle, opportunities with comparable cap rates and risk profiles will become more challenging to find.

We invite you to register your interest with us as we work towards an official launch of Kaipī Road Limited Partnership.

## Investment Highlights

MyFarm's latest offer, Kaipi 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 9.21% in FY25 is equivalent to receiving an 11.7% pre-tax return from other fully taxable investments.
- **A strategic asset** - Tegel has invested in the free-range conversion, making Kaipi 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 against 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 9.0% 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

<b>Initial distribution forecast</b>	9.0% p.a. paid monthly.
<b>Rent review</b>	Annual CPI adjustment.
<b>Favourable lease terms</b>	Tenant covers all operational and maintenance costs.
<b>Lease term</b>	8 years remaining on initial 15-year term with 3 x 5 year right of renewal. Final expiry in 2047.
<b>Target loan-to-value ratio</b>	35%
<b>Capitalisation</b>	\$20.25 million capital raise. Supported by \$13.60 million of investor equity and \$6.65 million of bank debt.
<b>Minimum investment</b>	\$50,000, thereafter increments of \$1,000.
<b>Fees</b>	A one-off establishment fee of 4.5% of assets. Annual management fee of 0.5% of assets, CPI adjusted annually.
<b>Tax status</b>	The Limited Partnership is not a tax entity; tax will be the responsibility of investors in Kaipi Road LP. Compared to an investment whose income is fully taxable, assumed depreciation benefits could add more than 2.70% p.a returns for an investor on a 33% tax rate.
<b>Liquidity</b>	Kaipi Road LP will be hosted on the Syndex exchange. <a href="http://www.syndex.exchange">www.syndex.exchange</a>

## Why MyFarm?

MyFarm is one of New Zealand's leading specialist primary sector investment firms, with over \$525m 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](http://www.mylfarm.co.nz/can-i-invest)*

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