



MAY 2020

I have outlined below an investment opportunity you may be interested in.

I would also like to wish you and your family all the best during these difficult times of global pandemic.

Special thanks to the essential businesses who have remained open during lock-down and the front-line staff who have worked tirelessly over this time.

Tylee+Co remains open for business during the current restrictions and welcomes any corporate finance enquiries you may have.

Regards, Dougal Tylee

Investment Opportunity - Agri, Forestry & Aggregate Industries

An investment opportunity in the New Zealand agri, forestry and aggregate industry is currently available.

The opportunity includes asset-backed farming and other operations located in the lower North Island. The operations offer scale and diversity in industries with defensive characteristics, and are expected to generate income from day one.

Specifically the opportunity includes:

- 2,100ha of extensive and intensive farmland holdings (livestock breeding, finishing, forestry and arable / cropping activities). Of this, around 160ha of intensive farmland is subject to a long-term lease on a favourable rent;
- Forestry and carbon investments under a right granted to a government entity;
- An aggregate extraction 'Take and Pay' ten-year contract with an established aggregates business;
- Entering into a supply agreement with a local honey company; and
- A partnership with a land-based training school that supplies labour for the farming operations and brings young skilled New Zealanders into the agricultural sector.

The opportunity is structured as a Limited Partnership (LP) with the General Partner (GP) responsible for managing and administering the LP's business, including providing governance support, financial control and administration services. Responsibility for management of the day-to-day business and operations of the LP will be contracted to a farming company (to be owned by the LP unit holders).

The GP has a strong and experienced board of directors that includes a:

- Qualified veterinarian, who is also the CEO of a veterinary business and a major shareholder in other farming enterprises;
- Farm consultant, who is also the managing director of a private training establishment focused on the agricultural sector; and a
- NZ-based investor and past CEO with depth of experience across a range of industries.

A total of NZ\$21m of funding is required to purchase the farms (NZ\$17.3m), livestock (NZ\$3.0m), vehicles and plant & machinery (NZ\$0.3m) and to cover establishment fees (NZ\$0.2m) and upfront costs (NZ\$0.2m).

The opportunity will be funded by NZ\$10-14m of LP units (of which NZ\$7m has already been committed to by interests associated with the directors of the GP) and NZ\$7-11m of bank debt.

A pre-tax cash yield of 8.06% is forecast in year one and increasing thereafter. The high-quality breeding, finishing and cropping operations are forecast to produce a high base yield that is enhanced by the sale of aggregate and carbon credits. The LP is expected to provide Limited Partners with a passive investment and a high level of regular distributions.

Expressions of interest are sought from investors seeking exposure to the sectors this opportunity encompasses. The opportunity is available to wholesale investors, including eligible investors. Minimum investment parcels for LP units are NZ\$1m.

Please contact us if you would like to learn more about this opportunity and/or to request further information.

Tylee+Co is registered on the Financial Service Provider Register (FSP609449) to provide wholesale and/or generic financial adviser services to wholesale investors, including eligible investors (under the Financial Advisers Act 2008).

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